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REPORT TO THE LEGISLATURE
DEPARTMENT OF ADMINISTRATION

Report on the Examination
of Financial Statements
Two Fiscal Years Ended June 30, 1981

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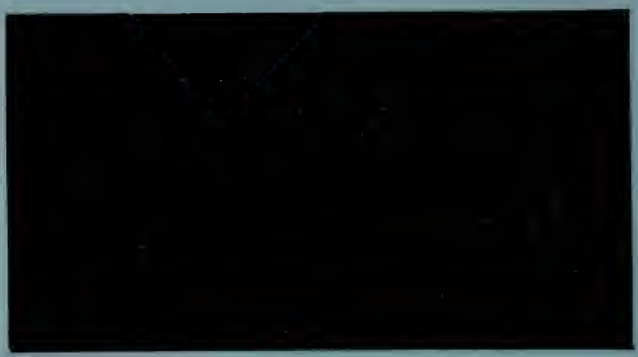
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REPORT TO THE LEGISLATURE
DEPARTMENT OF ADMINISTRATION

Report on the Examination
of Financial Statements
Two Fiscal Years Ended June 30, 1981



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APPOINTIVE AND ADMINISTRATIVE OFFICIALS

DEPARTMENT OF ADMINISTRATION

Morris Brusett	Director
Dave Ashley	Deputy Director
William M. McEnaney	Executive Secretary State Board of Examiners
Lyle E. Olson	Administrator Montana Board of Housing
Lawrence P. Nachtsheim	Administrator Public Employee's Retirement Division
Helen Peterson	Chairman State Tax Appeal Board
Robert Johnson	Administrator Teachers' Retirement Division
Judge William E. Hunt	Workers' Compensation Court
James R. Howeth	Investment Officer Investment Division

SUMMARY OF RECOMMENDATIONS

As a separate section in the front of each audit report we include a listing of all recommendations together with a notation as to whether the agency concurs or does not concur with each recommendation. This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's reply thereto and also as a ready reference to the supporting comments. The full reply of the Department of Administration is included in the back of this report.

	<u>Page</u>
1. Establish a formal agreement to reimburse the surplus property bureau for the value of the surplus property warehouse.	7
<u>Agency Reply:</u> Concur. See page 62.	
2A. Ensure contributions to the state deferred compensation program are received by the carriers by periodically reconciling the state's accounting records to carrier reported amounts.	9
<u>Agency Reply:</u> Concur. See page 62.	
2B. Record all deferred compensation plan contributions in the state's accounts on a timely basis.	9
<u>Agency Reply:</u> Concur. See page 63.	
2C. Continue requesting detailed reports from third-party carriers and monitoring carrier records to fulfill the state's responsibility.	9
<u>Agency Reply:</u> Concur. See page 63.	
3A. Report its fixed assets in accordance with generally accepted accounting principles.	10
<u>Agency Reply:</u> Concur. See page 63.	
3B. Record all building purchases and additions on its fixed asset records on a timely basis.	10
<u>Agency Reply:</u> Concur. See page 64.	

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
4. Establish a statewide policy, in conjunction with this office, to record land and buildings on the state's accounting records.	12
<u>Agency Reply:</u> Concur. See page 64.	
5A. Establish accrual accounting policies and procedures for internal service and enterprise operations.	14
<u>Agency Reply:</u> Concur. See page 64.	
5B. Repay to the communications division the outstanding loan to the radio microwave program.	14
<u>Agency Reply:</u> Concur. See page 65.	
5C. Properly transfer the program's records to the Department of Highways.	14
<u>Agency Reply:</u> Concur. See page 65.	
6. Adopt procedures to ensure that expenditure transactions are recorded in accordance with generally accepted accounting principles.	16
<u>Agency Reply:</u> Concur. See page 65.	
7. Transfer moneys in excess of the reserve requirement on general obligation bonds to the state's general fund in accordance with the bond indenture.	17
<u>Agency Reply:</u> Concur. See page 65.	
8. Correct the above disclosure deficiencies by following the reporting requirements as identified in NCGA statement 1, Governmental Accounting and Financial Reporting Principles.	19
<u>Agency Reply:</u> Concur. See page 65.	

COMMENTS

GENERAL

The Department of Administration consists of 16 divisions and 8 administratively attached agencies. The eight agencies are the State Board of Examiners, the Montana Board of Housing, the Public Employees' Retirement Board, the State Tax Appeal Board, the Teachers' Retirement Board, the Merit System Council, the Workers' Compensation Court, and the Board of Investments. A description of the primary functions of the department follows:

<u>Name</u>	<u>Description of Duties</u>
<u>Division</u>	
1) Accounting Division	Provides centralized accounting services for the state
2) Architecture & Engineering Division	Oversees the planning, design and construction of state buildings and structures
3) Building Codes Division	Provides enforcement of the state building codes
4) Communications Division	Installs and maintains radio/microwave communications equipment and manages the state telephone system
5) Computer Services Division	Provides central data processing services for the state, provides records management services
6) General Services Division	Maintains state buildings, provides mail services, manages surplus property
7) Information Systems Division	Provides consulting services for electronic data processing applications
8) Insurance and Legal Division	Manages the state insurance program, acts as department legal counsel

(continued)

<u>Name</u>	<u>Description of Duties</u>
<u>Division</u>	
9) Investment Division *	Manages the state's investment program
10) Personnel Division *	Provides centralized personnel testing and screening services, performs personnel classification, develops personnel policies
11) Public Employees' Retirement Division *	Manages Public Employees' and other state retirement systems
12) Purchasing Division	Provides centralized purchasing services for the state
13) Publications & Graphics Division	Provides centralized duplicating and printing for the state
14) Teachers' Retirement Division *	Manages Teachers' Retirement System
15) Treasury Division	Acts as treasurer for state agencies and boards, records all moneys received, reconciles bank statements, records contractors' pledges, accounts for outstanding bond issues and their redemption
16) Housing Division *	Provides financial assistance to help meet Montana's housing needs

* Includes administratively attached board.

Administratively Attached Agencies

- | | |
|-----------------------------|---|
| 1) State Board of Examiners | Approves architects and engineers for construction projects costing more than \$25,000, approves all change orders, approves contracts for construction projects costing more than \$10,000, sells general obligation bonds for the construction of buildings, examines unliquidated claims against the state |
|-----------------------------|---|

(continued)

Administratively Attached Agencies

- | | |
|--------------------------------|---|
| 2) State Tax Appeal Board | Provides supervision to county tax appeal boards, reviews tax appeals |
| 3) Workers' Compensation Court | Presides over workers' compensation hearings |

The department and its administratively attached agencies employed approximately 450 employees, expended \$59,683,197 in the performance of assigned duties, and reflected revenues of \$87,143,761 during fiscal year 1980-81.

INTRODUCTION

We performed a financial compliance audit of the Department of Administration for the two fiscal years ended June 30, 1981. The audit included financial and compliance reviews of the administrative functions of the Teachers' Retirement Division, Public Employees' Retirement Division, the State Tax Appeal Board, and other administratively attached agencies.

The audit did not include certain trust and agency funds administered by attached agencies and divisions. These funds are audited individually. Separate audit reports have been issued for the Teachers' Retirement System Fund, Public Employees' Retirement System Fund, and the other related retirement systems' funds, Treasury Division cash and bonds, Investment funds, and the Board of Housing mortgage program funds. We also issue a separate annual report resulting from our review of the data processing center and our application reviews of the state's accounting system.

Our audit included an evaluation of the department's compliance with applicable federal and state laws, procurement standards, regulations and state policies.

Section 5-13-307(2), MCA, requires any significant costs associated with implementation of an audit recommendation be disclosed. If we determined that significant costs are associated with implementation of a recommendation, we disclose that information in the discussion of the problem.

We thank the director of the department and other agency personnel for their cooperation and assistance during our audit.

SURPLUS PROPERTY BUREAU

The Surplus Property Bureau was transferred from the Office of the Superintendent of Public Instruction to the Department of Administration in July 1977. The bureau distributes federal and state surplus property to eligible donees. Eligible donees are those state and local agencies or tax supported institutions which meet the federal criteria for participation in the surplus property program. As a result of our audit, we noted a problem concerning the Surplus Property Bureau's former building.

Building

The department has taken possession of the surplus property warehouse without compensating the surplus property program for the building. During 1958, the surplus property program purchased, with proceeds from the sale of federal surplus property, a warehouse building located in Helena.

During 1978, the department moved the bureau to the old liquor warehouse and moved the Records Management Bureau into

the Surplus Property Bureau's warehouse. In a letter requested by the department director, the Department of Administration's legal counsel concluded that the state should enter into an agreement to provide a long-term leasehold interest in the old liquor warehouse of equal value to the Surplus Property warehouse, and that the leasehold arrangement meet federal requirements.

Instead of paying for the surplus property building in cash or providing a long-term leasehold interest in the old liquor warehouse, the department plans to reimburse the Surplus Property Bureau for the \$240,000 appraised value of the building with free rent at the old liquor warehouse. No rent will be charged until after the bureau receives the value of its former building. Under this arrangement the bureau is to pay a reduced schedule of maintenance and utilities expenses. The following is a schedule of payments made by the bureau since the move in 1978.

<u>SURPLUS PROPERTY</u>					
<u>Fiscal Year</u>	<u>Office Space</u>	<u>Warehouse Space</u>	<u>Total Cost</u>	<u>Amount Paid</u>	<u>Subsidy</u>
	<u>1,300 sq.ft.</u>	<u>39,058 sq.ft.</u>			
	@ \$2.00	@ \$1.25			
1978-79	\$2,600	\$48,823	\$51,423	\$22,879	\$28,544
	-----	-----			
	@ \$2.13	@ \$1.37			
1979-80	\$2,769	\$53,509	56,278	12,498	43,780
	-----	-----			
	@ \$2.25	@ \$1.45			
1980-81	\$2,925	\$ 56,634	59,559	13,436	46,123
Totals	<u>\$8,294</u>	<u>\$158,966</u>	<u>\$167,260</u>	<u>\$48,813</u>	<u>\$118,447</u>

Note: The rates appearing in the table (for example, \$2.25 for office and \$1.45 for warehouse) are the statewide rental rates.

Federal regulations require that rental charges be based upon actual cost. The old liquor warehouse was built in the 1930s and it is likely the cost of the building was not more than \$50,000. Assuming a depreciable life of 50 years, little cost would now remain to be charged as rent.

In a letter to the director of the Department of Administration, dated March 27, 1979, the Director of the Personal Property Division, Federal Property Resources Service stated:

" . . . Since your letter of November 30, 1978 indicated that the agency would only be assessed actual expenses instead of a set amount determined by the square footage occupied, it is hoped that these expenses will eventually level out to more closely approximate the direct expenses of operation when the Bureau was in the Bozeman Avenue facility. Obviously, the Bureau could not remain in operation if the losses incurred during the first six months in the new facility were to continue at the same rate."

We determined, as stated in the above rate table, that maintenance charges to the Surplus Property Bureau are based on a square footage charge as determined for the state as a whole. Such charges do not reflect the actual maintenance and utility expense for the liquor warehouse. Department of Administration officials stated the amount being paid by the bureau is one-half the actual costs associated with Surplus Property operations. The actual cost subsidy is equal to the "Amount Paid" as shown in the above table, not the amount shown as the "Subsidy". The actual total subsidy is, therefore, \$48,813, not \$118,447.

The Surplus Property program has had difficulty breaking even since the move to the Liquor Warehouse. Once the value of the Surplus Property building is paid back through the "subsidized" charges, it is possible that the program could become insolvent.

The department has not entered into a formal agreement with the Surplus Property Bureau to provide a leasehold interest of equal value to the building taken over by Records Management or to provide free or reduced rent or maintenance. The department has not receive federal approval for either method of disposition of the surplus property warehouse.

RECOMMENDATION #1

WE RECOMMEND THE DEPARTMENT ESTABLISH A FORMAL AGREEMENT TO REIMBURSE THE SURPLUS PROPERTY BUREAU FOR THE VALUE OF THE SURPLUS PROPERTY WAREHOUSE.

DEFERRED COMPENSATION

The deferred compensation plan allows state employees to defer taxes on a portion of their salaries until they terminate or retire from state employment. Employee contributions to the plan are managed and invested by third-party carriers in life insurance and/or annuities.

The department is acting in a fiduciary capacity and as such is responsible for the administration of the state's deferred compensation program. The department collects employee contributions for employees who participate in the program, then deposits the contributions with the third-party carriers who maintain custody of the contributions and manage the investment of the deferred compensation funds. The state remains liable for these employee contributions until the contributions are received by the carriers. The department, acting in its fiduciary capacity, is responsible for

monitoring carrier records to ensure the carriers remain solvent and upon discovering any insolvency or expected insolvency, has a duty to report this to the participants.

The department does not have adequate accounting records or controls to ensure employee contributions to the deferred compensation plan are fairly presented on the state's official accounting system (SBAS). As a result, the state's accounting records do not reconcile to the carriers' reported balances.

The department does not confirm contributions with the carriers, and contributions and income are not accounted for separately in the state's records. Therefore, the department has no assurance that all contributions are correctly credited to participants' accounts. Withdrawals, as reported by the carrier, are not reconciled to a subsidiary listing by participant.

The department adjusts the state's deferred compensation control accounts to reflect amounts reported by the carriers. Adjustments are made without supporting documentation. The reports received from the carriers show one balance and do not reflect the changes in deferred compensation contributions held (i.e., Beginning Balance + Investments - Withdrawals + Earnings = Ending Balance). The department has requested the carriers to submit detailed reports which reflect such changes. We noted that the balances reported on the Statewide Budgeting and Accounting System (SBAS) for the period ending June 30, 1981 only reflected activity in the deferred compensation plan through December 1980.

RECOMMENDATION #2

WE RECOMMEND THE DEPARTMENT:

- A. ENSURE CONTRIBUTIONS TO THE STATE DEFERRED COMPENSATION PROGRAM ARE RECEIVED BY THE CARRIERS BY PERIODICALLY RECONCILING THE STATE'S ACCOUNTING RECORDS TO CARRIER REPORTED AMOUNTS.
- B. RECORD ALL DEFERRED COMPENSATION PLAN CONTRIBUTIONS IN THE STATE'S ACCOUNTS ON A TIMELY BASIS.
- C. CONTINUE REQUESTING DETAILED REPORTS FROM THIRD-PARTY CARRIERS AND MONITORING CARRIER RECORDS TO FULFILL THE STATE'S RESPONSIBILITY.

PLANT, PROPERTY, AND EQUIPMENT

Generally accepted accounting principles (GAAP) require capitalization of leases which allow the lessee, at his option, to purchase the leased property at the end of the lease term for a price which is sufficiently lower than the expected fair value.

The Department of Administration has leases amounting to \$28,000 per month containing such options. The leases are for computer equipment at CSD, copiers for Publications and Graphics, display terminals for ISD, and a memory typewriter at the Board of Investments. The possibility of these leases being cancelled is remote because of software compatibility and because the lease is for the equipment's useful life with a bargain purchase option. The costs of the leases are currently being expensed when the monthly payments are made.

To reasonably report capital lease property, such property is to be recorded as an asset with a corresponding liability at the purchase date. The liability is reduced each month when payments are made and the expense is shown when depreciation expense is recorded. Upon implementation of a policy change regarding the handling of leases (issued December 7, 1981), the department will properly record leases.

Fixed assets are to be recorded at cost and major additions or improvements to fixed assets are to be capitalized at their cost. We noted the department did not record the addition to the Mitchell Building on its books. This left the Mitchell Building under-valued on SBAS by \$2,006,116 at June 30, 1981. The department subsequently recorded the addition on SBAS.

RECOMMENDATION #3

WE RECOMMEND THE DEPARTMENT:

- A. REPORT ITS FIXED ASSETS IN ACCORDANCE WITH
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
- B. RECORD ALL BUILDING PURCHASES AND ADDITIONS
ON ITS FIXED ASSET RECORDS ON A TIMELY BASIS.

STATE BUILDINGS

The state owns land and buildings in 56 counties. The property is used, administered, financed, and protected by various state departments and funds. Currently, there is no central policy regarding which state agency should record the various land and buildings owned by the state. The asset and the related liability,

if any, should be reported together. The department should establish a statewide policy to properly record land and buildings on the state's records, either at the Department of Administration or the various agencies occupying the property.

The department should consider the following items when establishing such a policy:

1. whether the property is appropriate for the general use of other departments because of special construction features or location;
2. if the building is funded in a way which ties it to a particular source or fund; or
3. if the property is the primary reason for the existence of the department or its subdivision; and
4. if the department is the sole occupant or has control over the use of the property.

Legally established custody can also influence reporting policies and should be considered. Property satisfying any of the above conditions may be most appropriately recorded in the fixed asset records of the agency occupying it. In all other cases the property may be reported at the Department of Administration for the state.

In the course of our audit we found four buildings where significant control over the building lies with the agency occupying it. These buildings are recorded in the Department of Administration's fixed asset records. These include the two Governor's mansions, the Memorial Building, and the Cogswell Building. These buildings may appropriately be recorded in the agency's records that have control of and responsibility for the building.

RECOMMENDATION #4

WE RECOMMEND THE DEPARTMENT ESTABLISH A STATEWIDE POLICY, IN CONJUNCTION WITH THIS OFFICE, TO RECORD LAND AND BUILDINGS ON THE STATE'S ACCOUNTING RECORDS.

ACCOUNTING FOR INTERNAL SERVICE AND ENTERPRISE OPERATIONS

Accrual Basis of Accounting

Internal service and enterprise operations are programs that operate like commercial enterprises within state government. The programs are designed to charge for their services on a breakeven basis. Examples of Department of Administration programs of this type are Computer Services, Central Stores, and Communications.

Generally accepted accounting principles (GAAP) state that the full accrual basis of accounting will be used to account for internal service and enterprise programs. Under full accrual accounting, equipment is depreciated over its useful life and inventories for resale are reported at cost and expensed as they are sold.

Purchases of equipment are funded by appropriations. Under the present accounting system, an expense must be shown on SBAS when equipment is purchased in order to reduce an appropriation. In an attempt to properly include depreciation in billing rates the Computer Services Division (CSD) has recorded expenditures twice on SBAS. However, in billing rate computations, CSD properly excludes the purchase expense. The above noted problem does not affect billing rates. Equipment is expensed when purchased

and expensed again through depreciation. This caused internal service fund expenses for fiscal year 1980-81 to be overstated by approximately \$732,000.

The legislative appropriation process would not need to be changed to comply with GAAP. Separate disbursement control accounts for equipment and inventory purchases could be used to achieve appropriation control, yet allow depreciation and inventory expenses to be recorded. These accrual basis accounts could be used to report enterprise and internal service fund's financial position and results of operations. Such an accounting system would allow the creation of financial reports which would conform to GAAP.

Supplies Inventory

Computer Services Division expenses computer paper purchases and does not show a paper supplies inventory on SBAS. This procedure understated inventories at June 30, 1981, by approximately \$45,000.

Inter-entity Loan

Previous to fiscal year 1981 the Radio Microwave Bureau was operated by D of A. During fiscal year 1979-80, the Communications Division advanced approximately \$104,000 of inter-entity loans to Radio Microwave. In July 1980, Radio Microwave operations were transferred to the Department of Highways. The outstanding loan was not repaid. The Telecommunications Bureau at the Department of Highways was billed approximately \$1,000. The remaining loan of \$103,000 has never been billed to the Telecommunications Bureau. Section 17-2-107(2), MCA states that:

"The Department of Administration may authorize a transfer, as a temporary loan bearing no interest, of unrestricted moneys from other accounts, provided that there is reasonable evidence that the income provided for the remainder of the fiscal year will be sufficient to restore the amount so transferred and provided the loan is recorded in the state accounting records. No account shall be so impaired that all proper demands thereon cannot be met."

As the inter-entity loan is more than one fiscal year old it is in violation of the above stated section.

When Radio Microwave was transferred to the Department of Highways, the Department of Administration failed to transfer the accounting records. As a result, the department still shows accounting records for Radio Microwave. This has the effect of overstating the department's records. We determined the overstatement to be immaterial for financial statements purposes.

RECOMMENDATION #5

WE RECOMMEND THE DEPARTMENT:

- A. ESTABLISH ACCRUAL ACCOUNTING POLICIES AND PROCEDURES FOR INTERNAL SERVICE AND ENTERPRISE OPERATIONS.
- B. REPAY TO THE COMMUNICATIONS DIVISION THE OUTSTANDING LOAN TO THE RADIO MICROWAVE PROGRAM.
- C. PROPERLY TRANSFER THE PROGRAM'S RECORDS TO THE DEPARTMENT OF HIGHWAYS.

EXPENDITURES

Generally accepted accounting principles (GAAP) state that expenditures are to be charged to the period in which the corresponding liabilities are incurred. During our audit we noted two exceptions to GAAP as discussed below.

Charged to Incorrect Year/Appropriation

We noted one instance where the Board of Investments charged a mortgage payment against the next year's appropriation because the current year appropriation was insufficient to cover the invoice. Charging expenditures to the wrong year violates GAAP, circumvents the intent of legislative appropriations, and is not in compliance with section 17-8-103, MCA, which states it is unlawful to make expenditures in excess of the appropriation.

Abatements

The Department of Administration defines expenditure abatements as the collection of amounts erroneously expended from an appropriation. These abatements should be limited to the reversal of an overpayment, correcting entries, or the cancellation of an expenditure made in error.

Contrary to the above abatement definition, the Publications and Graphics Division improperly abated expenditures incurred through the purchase of supplies resold to other state agencies. This division is an internal service operation which operates like a commercial enterprise and, accordingly, should be accounted for on the full accrual basis. These abatements caused the division's fiscal year 1980-81 expenditures and revenues to be understated by approximately \$168,500.

RECOMMENDATION #6

WE RECOMMEND THE DEPARTMENT ADOPT PROCEDURES TO ENSURE THAT EXPENDITURE TRANSACTIONS ARE RECORDED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

BOND RESERVE

The amount held in reserve at June 30, 1981 for the payment of principal and interest due on general obligation Long-Range Building Program Bonds exceeds reserve requirements by approximately \$2 million. The bond indenture which quotes state law, states that:

"All money credited to the account shall be used first to pay principal of and interest when due on the bonds and second to accumulate and maintain a reserve for the security of the bonds in an amount at least equal, after each payment of principal and interest, to the maximum amount of principal and interest to become due on all bonds outstanding in any subsequent fiscal year. All moneys credited to the Debt Service account in excess of the principal, interest and reserve requirements will be transferred to the state General Fund."

The money in excess of the reserve requirement should be transferred to the state General Fund in accordance with the bond indenture. Department personnel indicated that the excess money was not transferred to the state General Fund because a tax distribution from the Department of Revenue was not received until after some bond payments were made near year-end.

RECOMMENDATION #7

WE RECOMMEND THE DEPARTMENT TRANSFER MONEYS IN EXCESS OF THE RESERVE REQUIREMENT ON GENERAL OBLIGATION BONDS TO THE STATE'S GENERAL FUND IN ACCORDANCE WITH THE BOND INDENTURE.

MONTANA FINANCIAL REPORT

We reviewed the Montana Financial Report for fiscal year 1980-81 to determine that all necessary disclosures of information were included. We noted the following deficiencies when compared to disclosure requirements as identified in the National Council on Governmental Accounting's (NCGA) Statement 1.

1. The state's fund structure should meet governmental reporting standards, including all appropriate funds and account groups. The standard structure would be recognizable and comparable to other governmental entities. The Department of Administration is in the process of reorganizing the state's fund structure.
2. Revenue estimates are not presented. A comparison between estimated and actual revenue and budgeted and actual expenditures is not disclosed. The disclosure of the difference between estimated and actual revenues and budgeted and actual expenditures gives readers information regarding the management of the states' budgets. This leads to the required primary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual for appropriated funds.
3. Statements of Changes in Financial Position for enterprise, internal service, pension, and non-expendable trust funds are not presented. The inclusion of a Statement of Changes in Financial Position, including depreciation, is required to present fairly the results of operations of these funds.
4. Footnotes to the financial statements should include additional information about 1) leases, 2) the market value of investments and 3) long-term debt.

5. The report presents some items as accruals which are not truly liabilities of the state. The accounting system should show these as encumbrances. For example, state accounting policies allow accruing purchase orders and service contracts at year-end as liabilities, recognizing the expense. This does not comply with generally accepted accounting principles (GAAP). The accounting system should provide a method of charging encumbrances and reporting the offsetting reserve to allow them to be carried forward to the following year.
6. For our audit year, the accounting system did not report fixed assets. The state is currently implementing a property management system. To comply with GAAP, this system will need to be upgraded to allow the recognition of depreciation of the asset as an expense rather than requiring expense recognition at the time of purchase. The system should be changed to allow recognition of leased assets that satisfy the requirements of Statements on Financial Accounting Standards (SFAS) #13 as promulgated by the Financial Accounting Standards Board.
7. References to "Receipts" and "Disbursements" on the various statements and schedules are misleading because they are associated with the cash basis of accounting. Since the state follows the modified accrual basis, "Revenues" and "Expenditures" would be more meaningful references.
8. "Fund Balance - Beginning of Period" should be immediately followed by any restatements. Residual equity transfers should be reported after the results of operations. The department currently does not present the state's financial statements in this format.
9. The following statistical tables should be included in the Montana Financial Report unless clearly inapplicable in the circumstances:
 - A. General Governmental Expenditures by Function - Last Ten Fiscal Years.
 - B. General Revenues by Source - Last Ten Fiscal Years.
 - C. Property Tax Levies and Collections - Last Ten Fiscal Years.
 - D. Computation of Legal Debt Margin.
 - E. Computation of Overlapping Debt.

- F. Revenue Bond Coverage - Last Ten Fiscal Years.
 - G. Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years.
10. In addition to GAAP requirements, the report must be prepared on a timely basis. The preparation of timely financial statements would mean within 60 to 90 days of fiscal year-end. The fiscal year 1980-81 Montana Financial Report was distributed in November 1981, more than 130 days after year-end. As a result of the delay, users needing timely year-end reports must prepare them from the state's accounting records.

RECOMMENDATION #8

WE RECOMMEND THE DEPARTMENT CORRECT THE ABOVE DISCLOSURE DEFICIENCIES BY FOLLOWING THE REPORTING REQUIREMENTS AS IDENTIFIED IN NCGA STATEMENT 1, GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING PRINCIPLES.

FEDERAL GRANTS

Our audit of federal moneys was performed in accordance with the requirements in the U.S. Office of Management and Budget (OMB) Circular A-102, Attachment P. This circular provides for audits of financial operations, including compliance with certain provisions of federal law and regulations.

We reviewed the major compliance areas in the Intragovernmental Personnel Act (IPA) grants. These areas of compliance included state fund matching requirements, IPA fund allocation requirements, and reporting requirements. We found the Department of Administration to be in compliance in these areas. Nothing came to our attention that causes us to believe untested compliance issues are not in accord with applicable laws and regulations.

We made an examination as required by Attachment P to determine if the department has a system established to ensure compliance with laws and regulations affecting the expenditure of federal funds. Because of the limited number of federal programs administered by the department, an informal system has been maintained.

INTERNAL CONTROL

We examined the financial statements of the various funds of the Department of Administration and its administratively attached agencies for the two fiscal years ended June 30, 1981. As part of our examination, we evaluated the department's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our evaluation was to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide management with reasonable, but not absolute, assurance that 1) assets are safeguarded against loss from unauthorized use or disposition, 2) transactions are executed in accordance with management's authorization, and 3) financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived. It also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

For purposes of this report we have classified significant controls in the department's accounting system in the following categories:

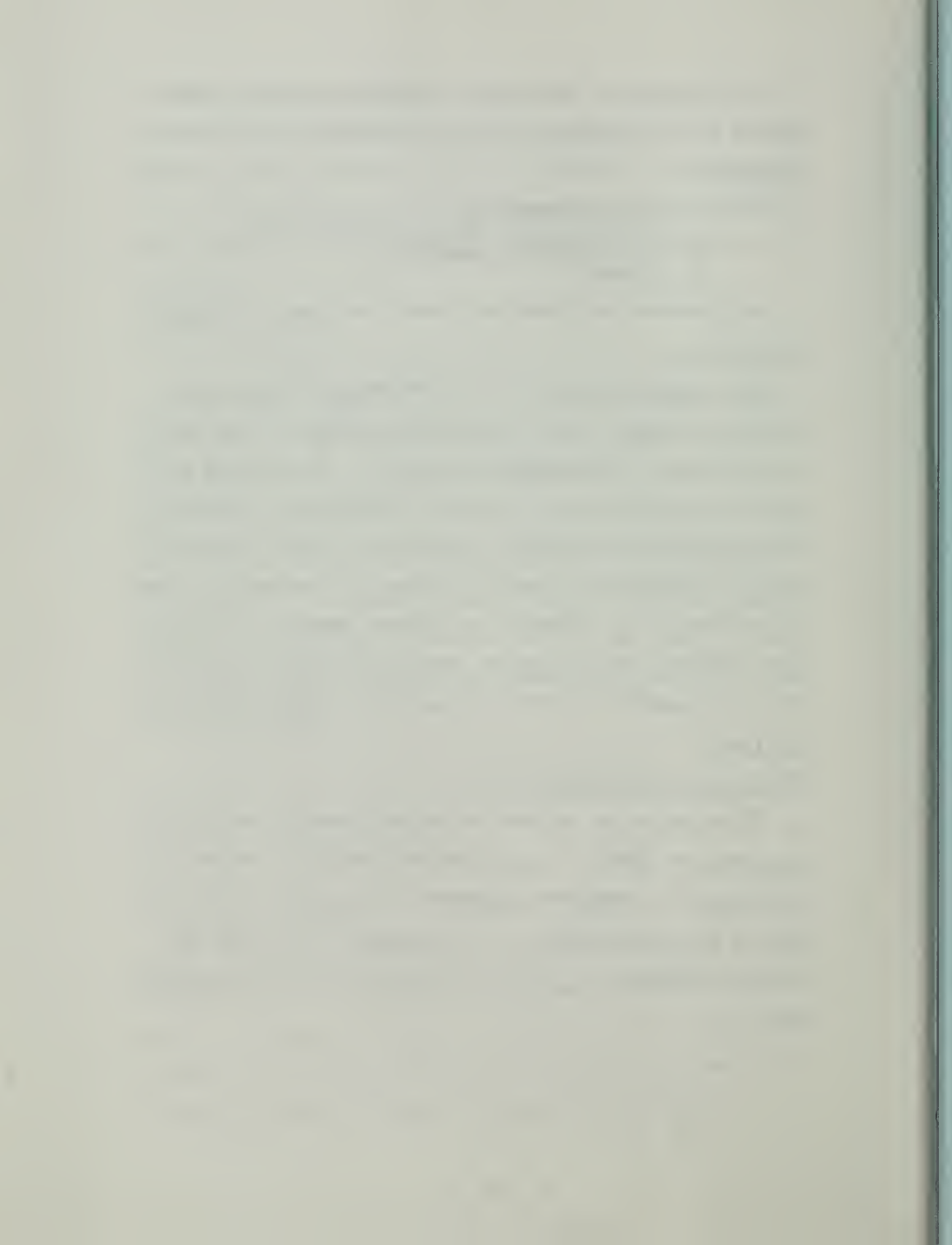
1. Revenue/Receivables
2. Property, Plant, and Equipment/Inventories
3. Purchasing/Disbursements
4. Treasury

We evaluated the significant controls identified in the above categories.

Our examination, made for the limited purpose described in the first paragraph, would not necessarily disclose all weaknesses in the system of internal accounting control. It was based upon selective tests of accounting records and related data. Accordingly, we do not express an opinion on the system of internal accounting control of the department taken as a whole. Our evaluation disclosed no condition that we believe to be a material weakness. However, those internal control weaknesses identified during the audit which warrant management's attention are described in various sections of this report.

PRIOR AUDIT RECOMMENDATIONS

We performed the last audit of the Department of Administration for fiscal year 1978-79. Our report contained 25 recommendations still applicable to department operations. The department concurred with all 25 recommendations. The department has implemented 8, partially implemented 11, and did not implement 6 of the recommendations.



AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Office of the Legislative Auditor



STATE CAPITOL
HELENA, MONTANA 59620
406/449-3122

JAMES H. GILLETT, C.P.A.
ACTING LEGISLATIVE AUDITOR

JOHN W. NORTHLEY
STAFF LEGISLATIVE COUNSEL

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the combined balance sheet of the various funds and account groups and the combining balance sheet of the Enterprise Funds of the Department of Administration and administratively attached agencies as of June 30, 1981 and the following related statements of operation for the two years then ended.

Fiscal Year

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds	1981
Combined Statement of Revenues and Expenditures - All Governmental Fund Types and Similar Trust Funds	1980
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Fund Types and Similar Trust Funds	1981
Combined Statement of Revenues and Expenditures - Budget and Actual - Governmental Fund Types and Similar Trust Funds	1980
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Similar Trust Funds	1981
Combined Statement of Revenues and Expenses - All Proprietary Fund Types and Similar Trust Funds	1980

(Continued)

	<u>Fiscal Year</u>
Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds	1980 and 1981
Combining Statement of Revenues and Expenses - Enterprise Funds	1980 and 1981
Combining Statement of Changes in Financial Position - Enterprise Funds	1980 and 1981

Our examination was made in accordance with generally accepted auditing standards for governmental units except as described in paragraphs two and three and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Treasury Division, Board of Housing, Teachers' Retirement Board, Public Employees' Retirement Board, and the Board of Investments administer the treasurer's cash accountability account, housing trust fund, teachers' retirement trust funds, public employees' retirement trust funds, and investment funds, respectively. These accounts and funds are excluded from these financial statements. Except for these accounts and funds, the department's financial statements present the financial position and results of operations for the administration of administratively attached divisions and boards.

The General Warrant Revolving Account is presented separately as explained in Note 3.

The department accounts for the operation of the states' self-insurance program in the Expendable Trust Fund. The program provides insurance coverage and services to other governmental

entities and as such meets the definition of an internal service operation. The department presented the self-insurance program as an internal service operation for fiscal year 1978-79. The self-insurance program had the following activity during the two fiscal years ended June 30, 1981 (in millions).

	<u>Fiscal Year 1979-80</u>	<u>Fiscal Year 1980-81</u>
Revenues	\$2.9	\$2.7
Expenditures	1.9	1.4
<u>June 30, 1981</u>		
Assets	\$19.3	
Liabilities	11.1	
Fund Balance	8.2	

Although classifying the self-insurance program as an expendable trust fund is allowable under generally accepted accounting principles, in our opinion, the department has not provided reasonable justification for making the change.

Generally accepted accounting principles require a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds, a Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balance - All Proprietary Fund Types and Similar Trust Funds, and a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Fund Types and Similar Trust Funds for each year presented. The Department of Administration did not include a change in fund balances section in the three above mentioned statements for fiscal year 1980. As a result the department is not in conformity with

generally accepted accounting principles in presenting the above three statements for fiscal year 1980.

In our opinion, except for the change in fund classification discussed in paragraph four and the matter discussed in paragraph five, the financial statements listed below present fairly the financial position as of June 30, 1981 and the results of operations of such funds for the two years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

<u>Fund</u>	<u>Statement Name</u>	<u>Fiscal Year</u>
Expendable Trust Fund	Balance Sheet	
	Statement of Revenues, Expenditures and Changes in Fund Balance	1981
	Statement of Revenues & Expenditures	1980
	Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	1981
	Statement of Revenues & Expenditures-Budget & Actual	1980
Internal Service Fund	Balance Sheet	
	Statement of Revenues & Expenses and Changes in Fund Balance	1981
	Statement of Revenues & Expenses	1980
	Statement of Changes in Financial Position	1980 & 1981

In our opinion, except for the matter discussed in paragraph five, the financial statements listed below present fairly the financial position as of June 30, 1981 and results of operations of such funds for the two years then ended in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of classifying funds as described in Note 1B to the financial statements, have been applied on a consistent basis.

<u>Fund</u>	<u>Statement Name</u>	<u>Fiscal Year</u>
All Governmental Fund Types the Enterprise & Pension Trust Fund	Combined Balance Sheet	June 30, 1981
All Governmental Fund Types	Combined Statement of Revenues Expenditures and Changes in Fund Balance	1981
	Combined Statement of Revenues and Expenditures	1980
	Combined Statement of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	1981
	Combined Statement of Revenues and Expenditures - Budget & Actual	1980
Enterprise Fund and Pension Trust Fund	Combined Statement of Revenues, Expenses & Changes in Retained Earnings/Fund Balance	1981
	Combined Statement of Revenues and Expenses	1980
	Combined Statement of Changes in Financial Position	1980 & 1981
Enterprise Fund	Combining Balance Sheet	June 30, 1981
	Combining Statement of Revenues and Expenses	1980 & 1981
	Combining Statement of Changes in Financial Position	1980 & 1981

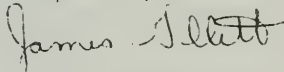
In our opinion the Balance Sheet for the Account Groups of the Department of Administration presents fairly the financial position as of June 30, 1981 of the account groups in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Combining Statements for the Internal Service Funds are presented for additional analysis and disclosure purposes in compliance with generally accepted accounting principles and are not a required part of the combined financial statements of the

Department of Administration. These statements have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The column on the accompanying financial statements referred to in paragraph one captioned "Total (Memorandum Only)" is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data as described in Note 1L to the financial statements. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements above, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



James H. Gillett, CPA
Acting Legislative Auditor

November 13, 1981

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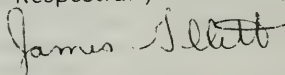
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Department of Administration. These statements have been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The column on the accompanying financial statements referred to in paragraph one captioned "Total (Memorandum Only)" is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data as described in Note 1L to the financial statements. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements above, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James H. Gillett", written in a cursive style.

James H. Gillett, CPA
Acting Legislative Auditor

November 13, 1981

DEPARTMENT OF ADMINISTRATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1981

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Asset	General Long-Term Debt	(Memorandum Only)
ASSETS										
Cash	\$ 50	\$332,667	\$4,261,258	\$ 2,957,374	\$ 36,444	\$1,539,404	\$ 897,826			\$10,025,023
Investments (at cost)			2,860,000	12,459,472	82,266		9,185,769			24,587,507
Accounts Receivable	15,881	15,842		180,346	18,594	1,395,032	197,138			1,822,833
Inventory						231,105				231,105
Dishonored Checks	21	765				165	29			980
Expense Advances	1,118	1,155			600	1,666	426			4,965
Inter-entity Loans Receivable	1,341,970	90,000		350,000		153,659				1,935,629
Unaccumulated Bond Discounts	88,667									88,667
Due from Federal Grant		40,000		2,399						42,399
Notes Receivable						160,335				160,335
Other Advances & Prepayments						1,819				1,819
Property Held in Trust							10,811,477			10,811,477
Land								\$ 1,327,388		1,327,388
Building								14,062,516		14,062,516
Equipment					8,590	4,841,498		224,562		5,074,650
Museum and Art								269,000		269,000
Accumulated Depreciation					(903)	(3,252,877)				(3,253,780)
Amount in Debt Service Fund									\$ 1,053,236	1,053,236
Amount to be Provided for Retirement of Long-Term Debt									31,225,324	31,225,324
Total Assets	<u>\$1,447,707</u>	<u>\$480,429</u>	<u>\$7,121,258</u>	<u>\$15,949,591</u>	<u>\$145,591</u>	<u>\$5,071,806</u>	<u>\$21,092,665</u>	<u>\$15,883,466</u>	<u>\$32,278,560</u>	<u>\$99,471,073</u>
LIABILITIES AND FUND EQUITY										
Liabilities										
Accounts Payable	\$ 194,388	\$ 53,998		\$ 990,780	\$ 18,957	\$ 387,570	\$ 58,493			\$ 1,704,186
Accrued Liabilities	717,073	8,904		3,183	21,948	295,142	117,850			1,164,100
Accountability for Advances		884		33,378			219			34,481
Unaccumulated Bond Discounts			\$ 16,936	(46)						16,890
Notes Payable						160,335				160,335
Inter-entity Loans Payable		49,581		350,000		194,078				593,659
Receipts Collected in Advance						65,082				65,082
Purchase Contracts Payable						631,368				631,368
Matured Interest Payable			695,220							695,220
Matured Bonds Payable			200,000							200,000
Participants Trust Accounts							11,000,149			11,000,149
Mortgage Payable									\$ 1,473,560	1,473,560
General Obligation Bond Outstanding									30,805,000	30,805,000
Total Liabilities	<u>911,461</u>	<u>113,367</u>	<u>912,156</u>	<u>1,377,295</u>	<u>40,905</u>	<u>1,733,575</u>	<u>11,176,711</u>		<u>32,278,560</u>	<u>48,544,030</u>
Fund Equity										
Fund Balance		367,062					9,665,954			10,033,016
Designated Budget Service			3,495,036							3,495,036
Reserves	536,246		2,714,066	14,572,296		910	250,000			18,073,518
Retained Earnings					104,686	3,337,270				3,442,007
Investment in Fixed Assets								15,883,466		15,883,466
Total Fund Equity	<u>536,246</u>	<u>367,062</u>	<u>6,209,102</u>	<u>14,572,296</u>	<u>104,686</u>	<u>3,338,180</u>	<u>9,915,954</u>	<u>15,883,466</u>		<u>50,927,043</u>
Total Liabilities & Fund Equity	<u>\$1,447,707</u>	<u>\$480,429</u>	<u>\$7,121,258</u>	<u>\$15,949,591</u>	<u>\$145,591</u>	<u>\$5,071,806</u>	<u>\$21,092,665</u>	<u>\$15,883,466</u>	<u>\$32,278,560</u>	<u>\$99,471,073</u>

The accompanying notes are an integral part of this financial statement.

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DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1981

	Governmental Fund Types				Fiduciary Fund Types	Total (Memorandum Only)	1980 Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust		
REVENUES:							
Licenses & Permits	\$ 113,177	\$ 9,880				\$ 123,057	\$ 153,358
Taxes	12,977					12,977	9,081
Service Fees	102,605	697,643				800,248	782,295
Investment Earnings	26,693,430		\$ 154,512	\$ 2,143,632	\$ 912,646	29,904,220	23,483,945
Fines	872,829					872,829	774,990
Rentals, Leases, & Royalties							810
Reimbursements	1,643				45,006	46,649	1,731
Income Collections & Transfers	4,327					4,327	6,463
Sale of Documents, Merchandise, & Property		7,045				7,045	6,856
Federal Assistance	4,594,422	229,595				4,824,017	8,965,833
Premiums					11,922,366	11,922,366	10,862,896
Fiduciary & Trust							2,481
Grants, Gifts, Bequests, & Donations			106,599			106,599	106,599
Total Revenues	<u>32,395,410</u>	<u>944,163</u>	<u>261,111</u>	<u>2,143,632</u>	<u>12,880,018</u>	<u>48,624,334</u>	<u>45,157,338</u>
EXPENDITURES:							
Interest on Tax Anticipation Notes	2,343,756					2,343,756	2,051,389
Governor Elect. Program	30,000					30,000	
Central Administration	230,703					230,703	228,286
Accounting	820,787					820,787	866,052
Purchasing	364,234	2,312				366,546	356,831
Treasury	196,397					196,397	185,739
Personnel	738,787	121,723				860,510	942,568
Passenger Tramways	8,714					8,714	9,891
State Tax Appeal Board	248,103					248,103	238,743
Workers' Compensation Court		182,198				182,198	165,403
Building Codes		747,354				747,354	707,350
Insurance Program					1,381,151	1,381,151	1,865,104
Benefits Program					146,834	146,834	61,814
Benefits and Claims	251,809				10,179,724	10,431,533	6,878,614
Disaster Emergency	634,904					634,904	
Debt Service Principal			1,800,560			1,800,560	2,836,799
Debt Service Interest and Fees			2,312,216			2,312,216	632,608
Capital Outlay				23,417,239		23,417,239	16,745,788
Telecommunications		100,128				100,128	
Total Expenditures	<u>5,868,194</u>	<u>1,153,715</u>	<u>4,112,776</u>	<u>23,417,239</u>	<u>11,707,709</u>	<u>46,259,633</u>	<u>34,772,979</u>
EXCESS OF CURRENT REVENUES OVER (UNDER) CURRENT EXPENDITURES	<u>26,527,216</u>	<u>(209,552)</u>	<u>(3,851,665)</u>	<u>(21,273,607)</u>	<u>1,172,309</u>	<u>2,364,701</u>	<u>10,384,359</u>
OTHER FINANCING SOURCES (USES):							
Provided From Other Agencies			28,708,825			28,708,825	24,788,472
Prior Year Adjustments	20,759	12,192		4,876	(2,006)	35,821	151,003
Operating Transfers In	26,500,000	208,726	1,903,342	3,227,085		31,839,153	24,808,908
Operating Transfers Out			(26,500,000)			(26,500,000)	(21,500,420)
Appropriations (Support)	5,817,716		611		1,018,806	6,837,133	5,719,047
Bond Proceeds							19,130,000
Total Other Financing Sources (Uses)	<u>32,338,475</u>	<u>220,918</u>	<u>4,112,778</u>	<u>3,231,961</u>	<u>1,016,800</u>	<u>40,920,932</u>	<u>53,097,010</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) 1981	<u>58,865,691</u>	<u>11,366</u>	<u>261,113</u>	<u>(18,041,646)</u>	<u>2,189,109</u>	<u>43,285,633</u>	<u>\$63,481,369</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES 1980	<u>51,882,444</u>	<u>(107,779)</u>	<u>336,828</u>	<u>7,725,393</u>	<u>3,644,483</u>	<u>63,481,369</u>	
FUND BALANCE, JULY 1, 1979	-0-	1,529,439	8,468,552	9,757,305	-0-	19,755,296	
Deposits to General Fund	(110,211,889)					(110,211,889)	
Adjustment for Restatement		(1,065,964)	(2,857,389)	15,065,126	4,108,943	15,250,716	
FUND BALANCE, JUNE 30, 1981	<u>\$ 536,246</u>	<u>\$ 367,062</u>	<u>\$ 6,209,104</u>	<u>\$14,506,178</u>	<u>\$ 9,942,535</u>	<u>\$ 31,561,125</u>	

The accompanying notes are an integral part of this financial statement.

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DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1980

	Governmental Fund Types				Fiduciary Fund Types	1980 Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES:						
Licenses and Permits	\$ 151,051	\$ 2,307				\$ 153,358
Taxes	9,081					9,081
Service Fees	41,240	591,192		\$ 149,863		782,295
Investment Earnings	21,163,404		\$ 249,268	1,443,755	\$ 627,518	23,483,945
Fines	774,990					774,990
Rentals, Leases, and Royalties	810					810
Reimbursements	1,731					1,731
Income Collections & Transfers	6,463					6,463
Sale of Documents, Merchandise, & Property		6,856				6,856
Federal Assistance	8,873,843	91,990				8,965,833
Premiums					10,862,896	10,862,896
Fiduciary and Trust	2,481					2,481
Grants, Gifts, Bequests, & Donations			106,599			106,599
Total Revenues	<u>31,025,094</u>	<u>692,345</u>	<u>355,867</u>	<u>1,593,618</u>	<u>11,490,414</u>	<u>45,157,338</u>
EXPENDITURES:						
Interest on Tax Anticipation Notes	2,051,389					2,051,389
Central Administration	226,495	1,791				228,286
Accounting	866,052					866,052
Purchasing	337,142	19,689				356,831
Treasury	185,739					185,739
Personnel	835,068	107,500				942,568
Passenger Tramways	9,891					9,891
State Tax Appeal Board	238,743					238,743
Workers' Compensation Court		165,403				165,403
Building Codes		707,350				707,350
Insurance Program					1,865,104	1,865,104
Benefits Program					61,814	61,814
Benefits and Claims					6,878,614	6,878,614
Debt Service Principal			2,836,799			2,836,799
Debt Service Interest and Fees			632,608			632,608
Capital Outlay				16,745,788		16,745,788
Total Expenditures	<u>4,750,519</u>	<u>1,001,733</u>	<u>3,469,407</u>	<u>16,745,788</u>	<u>8,805,532</u>	<u>34,772,979</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	<u>26,274,575</u>	<u>(309,388)</u>	<u>(3,113,540)</u>	<u>(15,152,170)</u>	<u>2,684,882</u>	<u>10,384,359</u>
OTHER FINANCING SOURCES (USES):						
Provided From Other Agencies			24,788,472			24,788,472
Prior Year Adjustments	157,350	1,698		882	(8,927)	151,003
Operating Transfers In	20,700,000	199,911	162,316	3,746,681		24,808,908
Operating Transfers Out			(21,500,420)			(21,500,420)
Appropriations (Support)	4,750,519				968,528	5,719,047
Bond Proceeds				19,130,000		19,130,000
Total Other Financing Sources (Uses)	<u>25,607,869</u>	<u>201,609</u>	<u>3,450,368</u>	<u>22,877,563</u>	<u>959,601</u>	<u>53,097,010</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES AND OTHER SOURCES (USES)	<u>\$51,882,444</u>	<u>\$ (107,779)</u>	<u>\$ 336,828</u>	<u>\$ 7,725,393</u>	<u>\$ 3,644,483</u>	<u>\$63,481,369</u>

The accompanying notes are an integral part of this statement.

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Premiums
Grants, Gifts, Bequests, &
Donations
Total Revenues

EXPENDITURES:

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Governor Elect. Program
Central Administration
Accounting
Purchasing
Treasury
Personnel
Passenger Tramways
State Tax Appeal Board
Workers' Compensation Court
Building Codes
Insurance Program
Benefits Program
Benefits and Claims
Emergency & Disaster
Debt Service Principal
Debt Service Interest and Fees
Capital Outlay
Telecommunications
Total Expenditures

EXCESS OF REVENUES OVER (UNDER)
CURRENT EXPENDITURES

OTHER FINANCING SOURCES (USES):

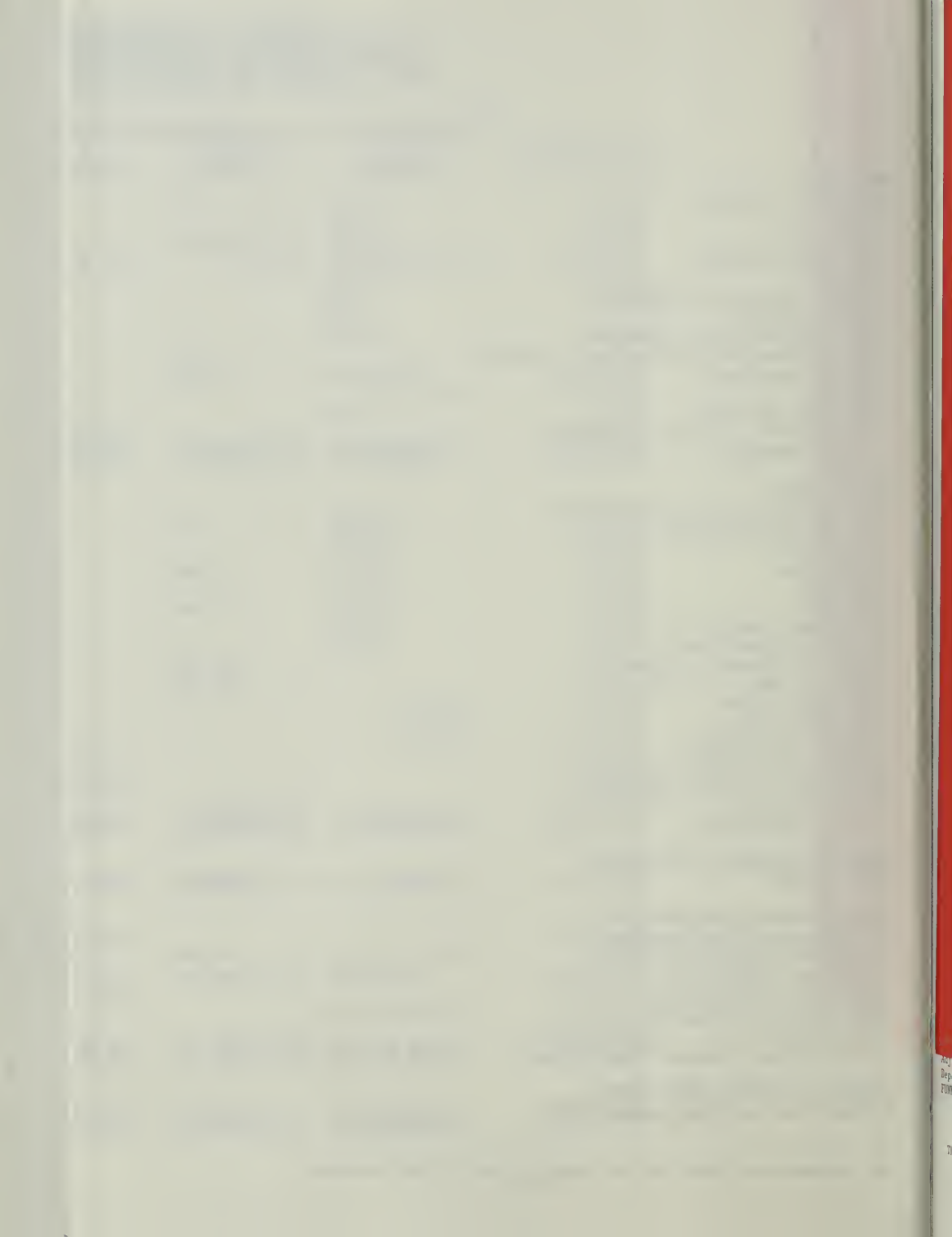
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Prior Year Adjustments
Operating Transfers In
Operating Transfers Out
Appropriations (Support)
Total Other Financing
Sources (Uses)

EXCESS OF REVENUES OVER (UNDER)
EXPENDITURES & OTHER SOURCES
(USES) - 1981

EXCESS OF REVENUES OVER (UNDER)
EXPENDITURES & OTHER SOURCES
(USES) - 1980

FUND BALANCE - JULY 1, 1979
Adjustments for Restatements
Deposits to General Fund
FUND BALANCE - JUNE 30, 1981

The accompanying notes are an i



DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1981

	General Fund			Special Revenue Fund			Debt Service Fund			Capital Projects Fund			Expendable Trust Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:															
Licenses and Permits	\$ 166,200	\$ 113,177	\$ (53,023)	\$ 60,000	\$ 9,880	\$ (50,120)									
Taxes	47,000	12,977	(34,023)												
Service Fees	38,990	102,605	63,615	1,033,592	697,643	(335,949)									
Investment Earnings	15,040,000	26,693,430	11,653,430				\$ 220,000	\$ 154,512	\$ (65,488)	\$ 2,143,632	\$ 2,143,632		\$ 80,000	\$ 912,646	\$ 832,646
Fines	770,000	872,829	102,829											45,006	45,006
Reimbursements		1,643	1,643												
Income Collections & Transfers		4,327	4,327												
Sale of Documents, Mds & Property					7,045	7,045									
Federal Assistance	2,260,000	4,594,422	2,334,422	246,000	229,595	(16,405)									
Premiums													2,402,974	11,922,366	9,519,392
Grants, Gifts, Bequests, & Donations															
Total Revenues	<u>18,322,190</u>	<u>32,395,410</u>	<u>14,073,220</u>	<u>1,339,592</u>	<u>944,163</u>	<u>(395,429)</u>	<u>106,599</u>	<u>106,599</u>	<u>(65,488)</u>	<u>2,143,632</u>	<u>2,143,632</u>		<u>2,482,974</u>	<u>12,880,018</u>	<u>10,397,044</u>
EXPENDITURES:															
Interest On Tax Anticipation Notes	2,316,716	2,343,756	(27,040)												
Governor Elect. Program	30,000	30,000													
Central Administration	231,596	230,703	893												
Accounting	857,710	820,787	36,923												
Purchasing	365,355	364,234	1,121	2,800	2,312	488									
Treasury	196,420	196,397	23												
Personnel	739,778	738,787	991	132,944	121,723	11,221									
Passenger Tramways	10,800	8,714	2,086												
State Tax Appeal Board	272,872	248,103	24,769												
Workers' Compensation Court				183,866	182,198	1,668									
Building Codes				1,123,592	747,354	376,238									
Insurance Program															
Benefits Program													3,210,764	1,381,151	1,829,613
Benefits and Claims	251,809	251,809											147,645	146,834	811
Emergency & Disaster	634,904	634,904											10,179,724	(10,179,724)	
Debt Service Principal							1,800,560	(1,800,560)							
Debt Service Interest and Fees							2,312,216	(2,312,216)							
Capital Outlay															
Telecommunications				128,673	100,128	28,545				45,059,450	23,417,239	21,642,211			
Total Expenditures	<u>5,907,960</u>	<u>5,868,194</u>	<u>39,766</u>	<u>1,571,875</u>	<u>1,153,715</u>	<u>418,160</u>	<u>4,112,776</u>	<u>(4,112,776)</u>		<u>45,059,450</u>	<u>23,417,239</u>	<u>21,642,211</u>	<u>3,358,409</u>	<u>11,707,709</u>	<u>(8,349,300)</u>
EXCESS OF REVENUES OVER (UNDER) CURRENT EXPENDITURES	<u>12,414,230</u>	<u>26,527,216</u>	<u>14,112,986</u>	<u>(232,283)</u>	<u>(209,552)</u>	<u>22,731</u>	<u>326,599</u>	<u>(3,851,665)</u>	<u>(4,178,264)</u>	<u>(45,059,450)</u>	<u>(21,273,607)</u>	<u>23,785,843</u>	<u>(875,435)</u>	<u>1,172,309</u>	<u>2,047,744</u>
OTHER FINANCING SOURCES (USES):															
Provided From Other Agencies															
Prior Year Adjustments		20,759	20,759		12,192	12,192	23,250,814	28,708,825	5,458,011					(2,006)	(2,006)
Operating Transfers In	23,250,814	26,500,000	3,249,186	214,566	208,726	(5,840)	804,148	1,903,340	1,099,192	364,079	3,227,085	2,863,006			
Operating Transfers Out							(23,250,814)	(26,500,000)	(3,249,186)						
Appropriations (Support)	<u>5,907,960</u>	<u>5,817,716</u>	<u>(90,244)</u>				<u>611</u>	<u>611</u>					<u>1,124,299</u>	<u>1,018,806</u>	<u>(105,493)</u>
Total Other Financing Sources (Uses)	<u>29,158,774</u>	<u>32,338,475</u>	<u>3,179,701</u>	<u>214,566</u>	<u>220,918</u>	<u>6,352</u>	<u>804,759</u>	<u>4,112,776</u>	<u>3,308,017</u>	<u>364,079</u>	<u>3,231,961</u>	<u>2,867,882</u>	<u>1,124,299</u>	<u>1,016,800</u>	<u>(107,499)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER SOURCES (USES) - 1981	<u>41,573,004</u>	<u>58,865,691</u>	<u>17,292,687</u>	<u>(17,717)</u>	<u>11,366</u>	<u>29,083</u>	<u>1,131,358</u>	<u>261,111</u>	<u>(870,247)</u>	<u>(44,695,371)</u>	<u>(18,041,646)</u>	<u>26,653,725</u>	<u>248,864</u>	<u>2,189,109</u>	<u>1,940,245</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER SOURCES (USES) - 1980	<u>47,463,890</u>	<u>51,882,444</u>	<u>4,418,554</u>	<u>204,979</u>	<u>(107,779)</u>	<u>(312,758)</u>	<u>326,599</u>	<u>336,828</u>	<u>10,229</u>	<u>(24,761,038)</u>	<u>7,725,393</u>	<u>32,486,431</u>	<u>162,645</u>	<u>3,644,483</u>	<u>3,481,838</u>
FUND BALANCE - JULY 1, 1979	-0-	-0-		1,529,439	1,529,439		8,468,552	8,468,552		9,757,305	9,757,305				
Adjustments for Restatements				-0-	(1,065,964)	(1,065,964)									
Deposits to General Fund	(89,036,894)	(110,211,889)	(21,174,995)					(2,857,389)	(2,857,389)		15,065,126	15,065,126		4,108,943	4,108,943
FUND BALANCE - JUNE 30, 1981	<u>\$ -0-</u>	<u>\$ 536,246</u>	<u>\$ 536,246</u>	<u>\$1,716,701</u>	<u>\$ 367,062</u>	<u>\$ (1,349,639)</u>	<u>\$ 9,926,509</u>	<u>\$ 6,209,102</u>	<u>\$ (3,717,407)</u>	<u>\$ (59,699,104)</u>	<u>\$14,506,178</u>	<u>\$74,205,282</u>	<u>\$ 411,509</u>	<u>\$ 9,942,535</u>	<u>\$ 9,531,026</u>

The accompanying notes are an integral part of this financial statement.

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REVENUES:

- Licenses and Permits
- Taxes
- Service Fees
- Investment Earnings
- Fines
- Rentals, Leases, & Royalties
- Reimbursements
- Income Collections & Transfers
- Sale of Documents, Mdse & Proper
- Federal Assistance
- Premiums
- Fiduciary and Trust
- Grants, Gifts, Bequests, & Donat
- Total Revenues

EXPENDITURES:

- Interest On Tax Anticipation Not
- Central Administration
- Accounting
- Purchasing
- Treasury
- Personnel
- Passenger Tramways
- State Tax Appeal Board
- Workers' Compensation Court
- Building Codes
- Insurance Program
- Benefits Program
- Benefits and Claims
- Emergency & Disaster
- Debt Service Principal
- Debt Service Interest and Fees
- Capital Outlay
- Total Expenditures

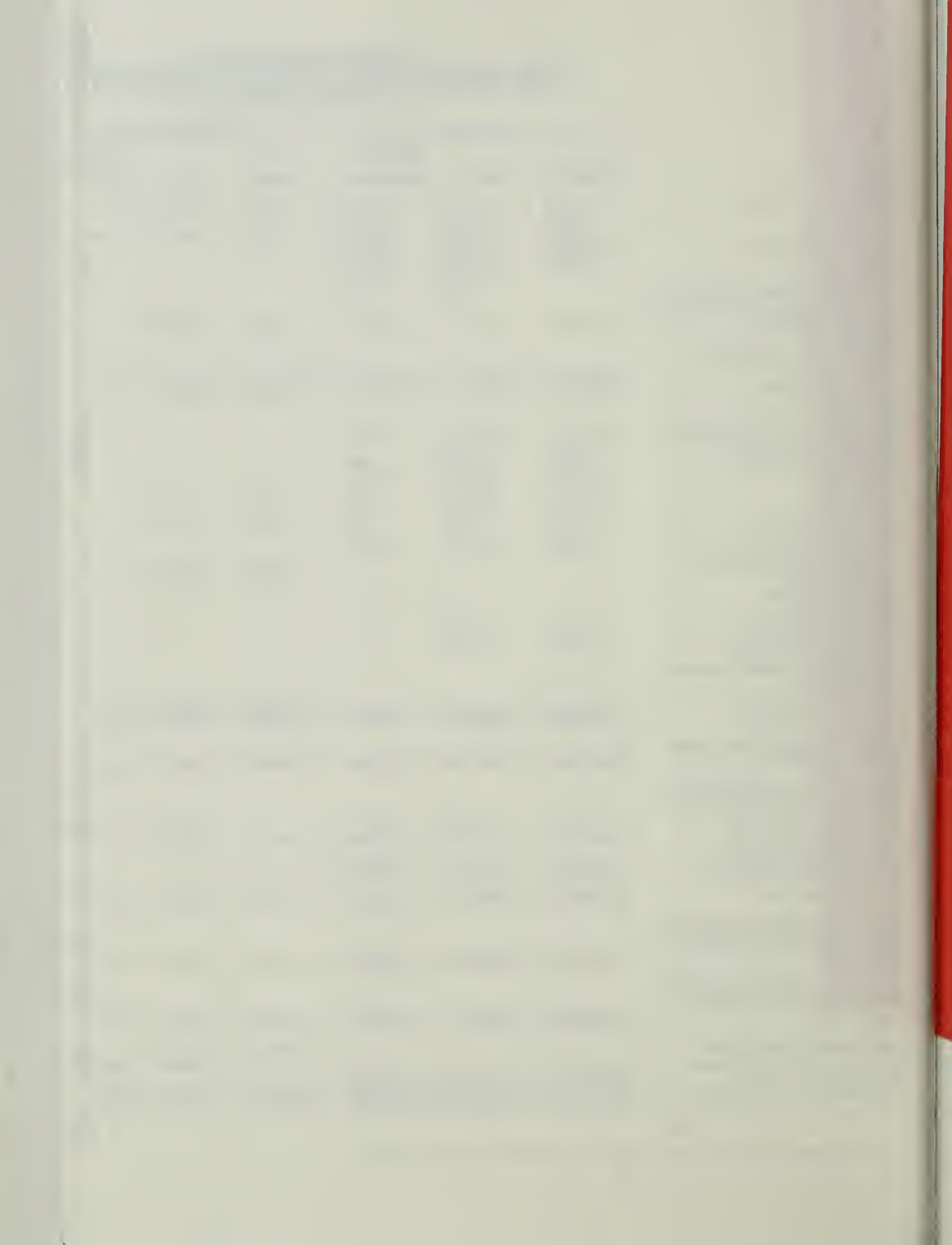
EXCESS OF REVENUES OVER
(UNDER) CURRENT EXPENDITURES

OTHER FINANCING SOURCES (USES):

- Provided From Other Agencies
- Prior Year Adjustments
- Operating Transfers In
- Operating Transfers Out
- Appropriations (Support)
- Bond Proceeds
- Total Other Financing Sources

EXCESS OF REVENUES OVER (UNDER)
EXPENDITURES & OTHER SOURCES (US

The accompanying notes are an i



DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1980

	General Fund			Special Revenue Fund			Debt Service Fund			Capital Projects Fund			Expendable Trust Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:															
Licenses and Permits	\$ 172,800	\$ 151,051	\$ (21,749)	\$ 50,000	\$ 2,307	\$ (47,693)									
Taxes	45,000	9,081	(35,919)												
Service Fees	38,990	41,240	2,250	1,027,583	591,192	(436,391)				\$ 90,000	\$ 149,863	\$ 59,863			
Investment Earnings	16,380,000	21,163,404	4,783,404				\$ 220,000	\$ 249,268	\$ 29,268		1,443,755	1,443,755	\$ 65,000	\$ 627,518	\$ 562,518
Fines	745,000	774,990	29,990												
Rentals, Leases, & Royalties		810	810												
Reimbursements		1,731	1,731												
Income Collections & Transfers		6,463	6,463												
Sale of Documents, Mdse & Property					6,856	6,856									
Federal Assistance	8,120,000	8,873,843	753,843	136,500	91,990	(44,510)									
Premiums													12,243,061	10,862,896	(1,380,165)
Fiduciary and Trust		2,481	2,481												
Grants, Gifts, Bequests, & Donations				150,000		(150,000)	106,599	106,599							
Total Revenues	<u>25,501,790</u>	<u>31,025,094</u>	<u>5,523,304</u>	<u>1,364,083</u>	<u>692,345</u>	<u>(671,738)</u>	<u>326,599</u>	<u>355,867</u>	<u>29,268</u>	<u>90,000</u>	<u>1,593,618</u>	<u>1,503,618</u>	<u>12,308,061</u>	<u>11,490,414</u>	<u>(817,647)</u>
EXPENDITURES:															
Interest On Tax Anticipation Notes	2,051,390	2,051,389	1												
Central Administration		226,683	188	3,939	1,791	2,148									
Accounting	866,059	866,052	7												
Purchasing	339,200	337,142	2,058	21,300	19,689	1,611									
Treasury	185,834	185,739	95												
Personnel	838,363	835,068	3,295	109,138	107,500	1,638									
Passenger Tramways	10,800	9,891	909												
State Tax Appeal Board	276,925	238,743	38,182												
Workers' Compensation Court				165,710	165,403	307									
Building Codes				1,052,583	707,350	345,233									
Insurance Program															
Benefits Program													3,032,389	1,865,104	1,167,285
Benefits and Claims													81,572	61,814	19,758
Emergency & Disaster	1		1										10,000,000	6,878,614	3,121,386
Debt Service Principal							2,836,799	(2,836,799)							
Debt Service Interest and Fees							632,608	(632,608)							
Capital Outlay										44,085,038	16,745,788	27,339,250			
Total Expenditures	<u>4,795,255</u>	<u>4,750,519</u>	<u>44,736</u>	<u>1,352,670</u>	<u>1,001,733</u>	<u>350,937</u>	<u>3,469,407</u>	<u>(3,469,407)</u>		<u>44,085,038</u>	<u>16,745,788</u>	<u>27,339,250</u>	<u>13,113,961</u>	<u>8,805,532</u>	<u>4,308,429</u>
EXCESS OF REVENUES OVER (UNDER) CURRENT EXPENDITURES	<u>20,706,535</u>	<u>26,274,575</u>	<u>5,568,040</u>	<u>11,413</u>	<u>(309,388)</u>	<u>(320,801)</u>	<u>326,599</u>	<u>(3,113,540)</u>	<u>(3,440,139)</u>	<u>(43,995,038)</u>	<u>(15,152,170)</u>	<u>28,842,868</u>	<u>(805,900)</u>	<u>2,684,882</u>	<u>3,490,782</u>
OTHER FINANCING SOURCES (USES):															
Provided From Other Agencies							21,962,100	24,788,472	2,826,372						
Prior Year Adjustments		157,350	157,350		1,698	1,698					882	882		(8,927)	(8,927)
Operating Transfers In	21,962,100	20,700,000	(1,262,100)	193,566	199,911	6,345		162,316	162,316	104,000	3,746,681	3,642,681			
Operating Transfers Out							(21,962,100)	(21,500,420)	461,680						
Appropriations (Support)	4,795,255	4,750,519	(44,736)												
Bond Proceeds													968,545	968,528	(17)
Total Other Financing Sources	<u>26,757,355</u>	<u>25,607,869</u>	<u>(1,149,486)</u>	<u>193,566</u>	<u>201,609</u>	<u>8,043</u>	<u>3,450,368</u>	<u>3,450,368</u>		<u>19,130,000</u>	<u>19,130,000</u>	<u>3,643,563</u>	<u>968,545</u>	<u>959,601</u>	<u>(8,944)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER SOURCES (USES)	<u>\$47,463,890</u>	<u>\$51,882,444</u>	<u>\$ 4,418,554</u>	<u>\$ 204,979</u>	<u>\$ (107,779)</u>	<u>\$(312,758)</u>	<u>\$ 326,599</u>	<u>\$ 336,828</u>	<u>\$ 10,229</u>	<u>\$(24,761,038)</u>	<u>\$ 7,725,393</u>	<u>\$32,486,431</u>	<u>\$ 162,645</u>	<u>\$ 3,644,483</u>	<u>\$ 3,481,838</u>

The accompanying notes are an integral part of the financial statements.

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DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1981

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>1981 Total</u>	<u>1980 Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	<u>(Memorandum Only)</u>	<u>(Memorandum Only)</u>
OPERATING REVENUES:					
Services Fees	\$166,215			\$ 166,215	\$ 127,221
Investment Earnings	8,449			8,449	6,614
Charges for Service		\$11,174,457		11,174,457	9,884,914
Sale of Documents, Mdse. & Property		7,326		7,326	987
Rentals, Leases & Royalties					2,755
Total Operating Revenues	<u>174,664</u>	<u>11,181,783</u>		<u>11,356,447</u>	<u>10,022,491</u>
OPERATING EXPENSES:					
Salaries and Benefits	257,446	4,238,328	\$513,469	5,009,243	4,424,071
Contracted Services	215,538	784,589	342,544	1,342,671	1,047,963
Supplies and Materials	13,974	556,656	17,628	588,258	653,178
Communications	15,101	2,789,438	44,643	2,849,182	2,531,175
Travel	19,155	38,369	14,461	71,985	98,221
Rent	30,023	808,736	33,927	872,686	922,295
Utilities	194	462,548	7,570	470,312	360,323
Repair and Maintenance	4,790	514,623	2,027	521,491	555,269
Other Expense	11,440	26,597	1,179	39,216	41,609
Equipment Expensed		7,802	3,752	11,554	61,211
Prior Year Adjustments	1,029	(201,517)	(3,521)	(204,009)	108,241
Depreciation	850	1,093,697		1,094,547	668,648
Goods Purchased for Resale	11,733	682,280		694,013	164,557
Interest		71,466		71,466	76,615
Total Operating Expenses	<u>581,273</u>	<u>11,873,612</u>	<u>977,679</u>	<u>13,432,615</u>	<u>11,713,376</u>
Operating Income	<u>(406,609)</u>	<u>(691,829)</u>	<u>(977,679)</u>	<u>(2,076,168)</u>	<u>(1,690,885)</u>
NON-OPERATING REVENUES (EXPENSES):					
Appropriations		716,063	2,000	718,063	666,628
Operating Transfers In	404,862	530,824	983,319	1,919,005	1,426,409
Operating Transfers Out		(211,234)		(211,234)	(194,871)
Total Non-Operating Revenues (Expenses)	<u>404,862</u>	<u>1,035,653</u>	<u>985,319</u>	<u>2,425,834</u>	<u>1,898,166</u>
Net Income (Loss) 1981	<u>(1,747)</u>	<u>343,824</u>	<u>7,640</u>	<u>349,666</u>	<u>\$ 207,281</u>
Net Income (Loss) 1980	36,593	212,693	(42,005)	207,281	
RETAINED EARNINGS/FUND BALANCE JULY 1, 1979	385,635	2,476,110		2,861,745	
Adjustments for Restatements	<u>(315,795)</u>	<u>305,604</u>	<u>7,784</u>	<u>132,469</u>	
RETAINED EARNINGS/FUND BALANCE JUNE 30, 1981	<u>\$104,686</u>	<u>\$ 3,338,231</u>	<u>\$ (26,581)</u>	<u>\$ 3,551,161</u>	

The accompanying notes are an integral part of this financial statement.

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DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF REVENUES AND EXPENSES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1980

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Pension Trust	
OPERATING REVENUES:				
Service Fees	\$127,221			\$ 127,221
Investment Earnings	6,614			6,614
Charges for Service		\$ 9,884,914		9,884,914
Sale of Documents, Merchandise, & Property		987		987
Rentals, Leases, & Royalties		2,755		2,755
Total Operating Revenues	<u>133,835</u>	<u>9,888,656</u>		<u>10,022,491</u>
OPERATING EXPENSES:				
Salaries and Benefits	197,274	3,744,440	\$482,357	4,424,071
Contracted Services	104,561	750,661	192,741	1,047,963
Supplies and Materials	13,503	620,669	19,006	653,178
Communications	13,907	2,472,494	44,774	2,531,175
Travel	19,651	61,102	17,468	98,221
Rent	22,673	860,422	39,200	922,295
Utilities	111	353,480	6,732	360,323
Repair and Maintenance	5,178	546,148	3,943	555,269
Other Expense	4,341	34,392	2,876	41,609
Equipment Expensed	1,829	52,474	6,908	61,211
Prior Year Adjustments	(913)	109,154		108,241
Depreciation	53	668,595		668,648
Goods Purchased for Resale	2,557	162,000		164,557
Interest		76,615		76,615
Total Operating Expenses	<u>384,725</u>	<u>10,512,646</u>	<u>816,005</u>	<u>11,713,376</u>
Operating Income	<u>(250,890)</u>	<u>(623,990)</u>	<u>(816,005)</u>	<u>(1,690,885)</u>
NON-OPERATING REVENUES (EXPENSES):				
Appropriations		666,628		666,628
Operating Transfers In	287,483	364,926	774,000	1,426,409
Operating Transfers Out		(194,871)		(194,871)
Total Non-Operating Revenues (Expenses)	<u>287,483</u>	<u>836,683</u>	<u>774,000</u>	<u>1,898,166</u>
NET INCOME (LOSS) 1980	<u>\$ 36,593</u>	<u>\$ 212,693</u>	<u>\$(42,005)</u>	<u>\$ 207,281</u>

The accompanying notes are an integral part of this financial statement.

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DEPARTMENT OF ADMINISTRATION
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR FISCAL YEARS ENDED JUNE 30, 1980 AND JUNE 30, 1981

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	
Sources of Working Capital:				
Net Income (Loss) 1981	\$ (1,747)	\$ 343,824	\$ 7,640	\$ 349,717
Net Income 1980	36,593	212,693	(42,005)	207,281
Add Items Not Requiring an Outlay of Capital				
Depreciation 1981	850	1,093,697		1,094,547
Depreciation 1980	53	668,595		668,648
Other Financing Sources (Net of Repayment)		631,368		631,368
Adjustment for Restatement		305,604	7,784	313,388
	<u>35,749</u>	<u>3,255,781</u>	<u>(26,581)</u>	<u>3,264,949</u>
Uses of Working Capital:				
Purchase of Property and Equipment	8,590	4,790,656		4,799,246
Adjustment to Fund Balance				
Return of Funds			43,124	43,124
Adjustment for Restatement	315,795			315,795
Prior Years Additions to Accumulated				
Depreciation		(1,490,585)		(1,490,585)
Reduction Revolving Fund				
Fixed Asset Investments		50,842		50,842
	<u>324,385</u>	<u>3,350,913</u>	<u>43,124</u>	<u>3,718,422</u>
	<u>\$(288,636)</u>	<u>\$ (95,132)</u>	<u>\$(69,705)</u>	<u>\$(453,473)</u>
Elements of Net Increase (Decrease) in Working Capital:				
Cash	\$(401,697)	\$(1,555,508)	\$ 16,833	\$(1,940,372)
Investments	82,266	(68,227)		14,039
Accounts Receivable	11,545	1,085,155	270	1,096,970
Inventory		231,105		231,105
Dishonored Checks		165		165
Expense Advances	600	1,666	176	2,442
Inter-entity Loans Receivable	(10,000)	18,659		8,659
Notes Receivable		160,335		160,335
Other Advances		1,819		1,819
Accounts Payable	2,960	63,408	(18,784)	47,584
Accrued Liabilities	25,690	(115,246)	(68,200)	(157,756)
Accountability for Advances		396,032		396,032
Notes Payable		(160,335)		(160,335)
Inter-entity Loans Payable		(89,078)		(89,078)
Receipts Collected in Advance		(65,082)		(65,082)
	<u>\$(288,636)</u>	<u>\$ (95,132)</u>	<u>\$(69,705)</u>	<u>\$(453,473)</u>

The accompanying notes are an integral part of this financial statement.

THE HISTORY OF THE

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BY

JOHN BURNET

OF

SCOTLAND

IN

SEVEN VOLUMES

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DEPARTMENT OF ADMINISTRATION
Notes to Financial Statements
June 30, 1981

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System. They include financial activity of the Department of Administration and auxiliary agencies attached to the Department for administrative purposes. Those auxiliary agencies are: the Merit System, Public Employees' Retirement Division, Teachers' Retirement Division, State Tax Appeals Board, and Long-Range Building Program. Financial activities subject to separate audit and accounting transactions more appropriately accounted for by agencies other than the Department of Administration have been omitted from these statements. These omissions are delineated in Note 3.

A. BASIS OF PRESENTATION

The accounts of the State of Montana are, by statute, organized into a fund structure listed in Section 17-2-102 (Temporary), MCA and for fiscal years 1980 and 1981 accounting transactions for the department were recorded on the basis of that structure. However, the financial statement presentation is made on the basis of Section 17-2-102 (Effective July 1, 1983) of the Codes. Since the current state accounting and budget system does not allow for transactions prescribed in 17-2-102 (1983), the following adjustments were made to originally recorded transactions:

	<u>Fiscal '81</u>	<u>Fiscal '80</u>
Enterprise Funds		
Addition to Expense		
Depreciation	\$ 850	\$ 53
(Reduction) to Expense		
Capital Outlay	<u>(4,899)</u>	<u>(3,691)</u>
Net Increase (Decrease)		
to Recorded Expenses	<u>\$(4,049)</u>	<u>\$(3,638)</u>

Internal Service Funds		
Addition to Expense		
Depreciation	83,608	668,595
Interest Expense	7,340	76,615
(Reduction) to Expense		
Capital Outlay	(732,639)	(967,098)
Lease Expense	(41,179)	(25,523)
Net Increase (Decrease)		
to Recorded Expense	<u>\$ (682,870)</u>	<u>\$ (247,411)</u>

For fiscal 1981, the Computer Services Division initiated depreciation, interest, and debt principal recordation and reflected in expenses, in addition to capital outlay costs, depreciation of \$1,010,089 and interest expense of \$64,126. Reduction of loan principal was charged against fund balance. The department's financial statement presentation, with the above adjustments, corrects this duplication.

B. FUND STRUCTURE

For financial presentation purposes, funds have been classified in accordance with Governmental Accounting, Auditing and Financial Reporting. A synopsis of each fund type and the Department's accounting entities included therein is as follows:

1) General Fund

The general fund is used to account for all financial resources not accounted for in another fund. General fund activities in the Department of Administration include:

- a. All revenues not assigned to other agencies: investment earnings on general fund cash, federal revenue sharing transfer payments, motor vehicle fines, national forest license fees, battered spouse program remittances, hail insurance levies, long range building program excess tax collections, and miscellaneous revenues.
- b. Program expenditures for interest and issue costs for tax anticipation notes, central administration,

accounting division purchasing program, treasury function, personnel division (administration, labor relations, classification, employee relations functions), passenger tramway inspections, tax appeal board and emergency and disaster are reflected in the general fund.

2) Special Revenue Fund

The special revenue fund accounts for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Activities in this fund incorporate all federal funds received by the Department plus the Workers' Compensation Court, an earmarked revenue fund, and Building Codes Division, a revolving fund.

3) Debt Service Funds

These funds account the accumulation of resources for and the payment of general long-term debt principal and interest. The Department's debt service accounts include retirement of three bond issues and a long-term mortgage.

4) Capital Projects Fund

Financial resources utilized for the acquisition or construction of major capital facilities are accounted for in this type of fund. The entire function of the Architecture and Engineering Division is included in the Department of Administration's financial statement as capital projects.

5) Proprietary Funds

- a. Enterprise Fund - These funds are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is: a) that the costs (expenses, including depreciation) of providing goods or services to the general public on a

continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Department includes its Surplus Property operation and the administrative function of the Housing Board as enterprise functions.

- b. Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

The Department's internal service functions include; Publications and Graphics, Information Systems Division, Computer Services, General Services, Rent & Maintenance, Central Stores, Investments (administrative cost only), Communications, Personnel Division training functions, Merit System, Records Management and Mail and Messenger Distribution.

6) Fiduciary Funds

- a. Trust and agency funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

Expendable trust funds include the State of Montana's insurance program and the employees' benefit program. Pension trust funds include only the administrative costs of the Public Employees' Retirement System and the Teachers' Retirement System. Agency funds include the contractor's trust deposits and employees' deferred compensation plan.

7) Account Groups

- a. General fixed asset account groups reflect the historical cost of fixed assets required from all funds other than proprietary funds.
- b. Long-term debt group includes bond and mortgage obligations outstanding.

C. BASIS OF ACCOUNTING

Montana utilizes the modified accrual method of accounting which recognizes revenue at the time of receipt or when measurable and available and expenditures, when incurred. The full accrual method of accounting is required for proprietary and pension trust fund types. While the state's accounting system operates on a modified accrual method, the department has adjusted its financial statements to materially reflect the full accrual accounting method. Additionally, no accounting policy has been developed to reflect progress payments to contractors, retainage payable and proper allocation of construction work in process and completed construction costs in the departments capital projects fund.

- D. The department maintains two inventory cost centers to properly reflect cost of operation for the Central Stores operation and Publications and Graphics function. Central Stores inventory of office and paper supplies of \$207,845 is valued using the first-in-first-out method and Publications and Graphic's forms inventory of \$23,260 is valued at lower of cost or market. All other inventoriable items in other funds are expensed on an as purchased basis.

- E. Interentity loans are noninterest bearing and recorded as a payable by a receiving entity and a receivable by the advancing entity.
- F. Accumulated unpaid liabilities for vacation and sick leave are not reflected in the financial statements of the Department of Administration. The policy of the State of Montana is upon termination employees are paid for one hundred percent of unused vacation credits and twenty-five percent of unused sick leave credits. The Department has estimated its liability on an aggregate wage basis at \$536,898 on June 30, 1981. This method probably understates the actual liability because longer term employees have generally more accumulations and their individual wage rates are higher than \$8.45 aggregate hourly rate calculated. Additionally, on July 1, 1981, the department assumed administrative responsibility for two new functions while it transferred responsibility for one of its smaller functions. These transfers increased the amount of liability. July 1, 1981, also is the date of pay increase allocations which would increase the amount of termination pay due individual employees. Expenditures for termination pay currently are absorbed in the annual operational costs of the department.
- C. Investments are stated at par in the debt service and a corresponding liability for unamortized discounts is separately reflected. The combination of these items would result in a book value presentation of U.S. government securities. The remaining investments consist of U.S. government securities and short-term investment pool holdings which are stated at historical cost.

The following is a listing of investments by fund group.

	Stated Value Cost or Book Value	Market Value
<u>Debt Service Fund</u>		
U.S. Govt. Obligations	\$ 500,000	\$ 395,625
U.S. Govt. Agencies	2,343,064	2,175,050
	<u>2,843,064</u>	<u>2,570,675</u>
Bond Discount	16,936	
Par Value at 06/30/81	<u>2,860,000</u>	<u>2,570,675</u>
<u>Capital Projects Fund</u>		
U.S. Treasury		
Bills (at cost)	2,721,144	2,798,008
Short Term Investment Pool (9,833 units at cost)	9,738,328	8,973,694
	<u>12,459,472</u>	<u>11,771,702</u>
<u>Enterprise Fund</u>		
Short Term Investment Pool (82 units at cost)	82,266	74,834
<u>Trust and Agency Fund</u>		
Short Term Investment Pool (9,377 units at cost)	9,185,769	8,557,544
TOTAL	<u>\$24,587,507</u>	<u>\$22,974,755</u>

- H. Encumbrance accounting is utilized by the department as a management control device. This accounting technique reflects expenditures for commitments for unperformed contracts for goods and services in the period when a commitment is made as opposed to the period when the product is received and payment is rendered. The procedure is not in accordance with generally accepted accounting principles but does conform to the state budgeting system.
- I. Budgets for the Department of Administration are adopted on a biennium basis by the Montana State Legislature for all operating entities. Budgets for the general and special revenue funds are adopted in accordance with generally accepted accounting principles. All other funds are budgeted on an expenditure or transfer basis which may or may not coincide with generally accepted accounting principles.

J. OPERATING TRANSFERS

The Department classifies as operating transfers those revenues and expenditures that are part of another operating unit or for which the Department only reflects a portion of the total operational unit.

The following transactions are reflected as operating transfers:

	<u>1981</u>	<u>1980</u>
Long Range Bond Excess	\$26,500,000	\$20,700,000
Workers' Compensation Court	185,162	155,763
Energy Grant Allocation		
From Natural Resources	23,564	44,148
Debt Service From Other Sources	1,726,268	
Social and Rehabilitation		
Services Building		
Debt Service	177,072	162,316
Capital Projects Contributions		
From Other Agencies	2,863,006	3,596,818
Administrative Transfers From		
Long-Range Building Program	364,079	149,863
TOTAL GOVERNMENTAL FUND TYPES	<u>\$31,839,151</u>	<u>\$24,808,908</u>
Board of Housing	\$ 404,862	\$ 287,483
Board of Investments	530,824	364,926
Public Employees' Retirement		
System	722,358	549,000
Teachers' Retirement System	260,961	225,000
TOTAL PROPRIETARY FUND TYPES	<u>\$ 1,919,005</u>	<u>\$ 1,426,409</u>

The following transactions are reflected as transfers out:

	<u>1981</u>	<u>1980</u>
Long-Range Bond Excess	\$26,500,000	\$20,700,000
Coal Tax Fund Transferred		
to Natural Resources		800,420
TOTAL GOVERNMENTAL FUNDS	<u>\$26,500,000</u>	<u>\$21,500,420</u>
Social and Rehabilitation		
Services Debt Service	177,072	177,072
Building Remodeling	34,162	17,799
TOTAL PROPRIETARY FUNDS	<u>\$ 211,234</u>	<u>\$ 194,871</u>

- K. For fiscal years ended June 1980 and 1981, the department has presented its budget versus actual comparison on a program basis. Current accounting literature prescribes presentation on a functional basis. Functional presentation for those years would appear as follows:

	1981		1980	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>General Fund</u>				
General Government	\$5,897,160	\$ 5,859,480	\$ 4,784,455	\$4,740,628
Public Safety	10,800	8,714	10,800	9,891
<u>Special Revenue Fund</u>				
General Government	448,283	406,361	300,087	294,383
Public Safety	1,123,592	747,354	1,052,583	707,350
<u>Expendable Trust</u>				
General Government	3,358,409	11,707,709	13,113,961	8,805,532

- L. For purposes of presentation, the department has included a total column entitled "memorandum only." This column is merely an aggregation of all fund types and does not purport the present consolidated financial information.
2. RETIREMENT PLAN

All employees of the Department are participants in the Public Employees' Retirement System, a contributory plan whereby the state contributes five and nine-tenths percent for retirement and three-tenths of a percent for administrative expense of employee gross wages and the employee contributes six percent of their gross wage. Costs incurred by the Department under this plan approximated \$418,269 in 1981 and \$375,041 in 1980.

The state's policy is to fund accrued pension costs. A determination concerning the actuarial soundness of the fund together with unfunded past service costs and actuarially computed value of vested benefits were not available for members of the plan employed by the agency.

The State of Montana is also a nominee in the deferred compensation program. This plan allows employees to defer income taxes on a portion of their compensation in accordance with state and

federal regulations, until a distribution is actually received by employee. All amounts of compensation deferred under this plan remain the property of the state and participants become general creditors of the state under the terms of the plan; the state is not financially liable for investment losses incurred by the plan. As of June 30, 1981, assets in the plan were \$8,181,328.

3. OTHER FINANCIAL ACTIVITY

The department's financial statements do not reflect the state's consolidated general fund cash of \$71,868,394 because the asset represents resources of other operating entities.

Also not reflected in the department's financial transactions are amounts for the general warrant clearing account. The account represents moneys transferred from state agencies for which warrants have not been written or have been canceled. A financial summary of the account for the two fiscal years is as follows:

<u>Assets</u>	<u>1981</u>	<u>1980</u>
Cash	\$ 421,188	\$(154,917)
Accounts Receivable Cut Off	38,769,020	
	<u>\$39,190,208</u>	<u>\$(154,917)</u>
<u>Liabilities</u>		
Accountability for Advances	\$39,094,601	\$(202,900)
Accountability for Canceled Warrants	95,607	47,983
	<u>\$39,190,208</u>	<u>\$(154,917)</u>

Other transactions omitted from the department's financial statements include:

	<u>1981</u>	<u>1980</u>
Interentity transfers resulting in revenue and expenditure	\$ 4,053,411	\$ 1,291,574
Gas tax pass through to local governments	7,235,203	7,242,115
Distribution from - short-term investment pool	24,191,207	18,952,603
Common stock pool	3,808,164	-
Short-term investment pool revenue	16,325,868	12,712,035
Common stock pool revenue	3,597,776	-
Insurance trust transfer	2,065,000	-
Highway Department Bond sinking fund revenue	393,786	99,323

4. TAX ANTICIPATION NOTES

The department was authorized to issue tax anticipation notes not to exceed Fifty Million Dollars. These notes become due prior to the fiscal year end in which they are issued. The State of Montana has issued such notes in each of the past two fiscal years and for fiscal year 1982.

<u>Date of Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Date of Redemption</u>
September, 1979	\$40,000,000	6 $\frac{1}{2}$ %	June 24, 1980
September, 1980	\$45,000,000	6 $\frac{1}{2}$ %	June 29, 1981
September, 1981	\$45,000,000	10.12	June 29, 1982

5. GENERAL LONG-TERM DEBT

General long-term debt reflected in the department's financial statements at June 30, 1981, are comprised of the following individual issues:

General Obligation Bonds:

Series I \$8,640,000 September, 1965, due in September, 1995, outstanding at June 30, 1981, \$4,715,000. Interest is at rates varying between 1% and 3.5% and annual principal payments range from \$60,000 to \$465,000. Early redemption has occurred on some bonds maturing in 1985 and 1991.

Series II \$11,050,000 September, 1967, due in September, 1997, outstanding at June 30, 1981, \$7,160,000. Interest is at rates varying from .10% to 4.05% and annual principal payments range from \$25,000 to \$650,000. Early redemption has occurred on some bonds maturing in 1988 and 1997.

Series 1980, \$19,130,000, March, 1980, due in May, 2010, outstanding at June 30, 1981, \$18,930,000. Interest is at rates varying from 6 $\frac{1}{2}$ % to 8 $\frac{1}{2}$ % and annual principal payments range from \$215,000 to \$1,440,000.

Two units of the University System participated in this issue and contributed their share to reserve requirements. Montana State University's share was \$6,500,000; while Eastern Montana College's share was \$1,500,000. Each institution is to contribute their share of annual principal and interest payments less any investment earnings on reserves.

Employment Security Division also contributes \$110,000 per year to retire a portion of this bond issue.

Long-term mortgage Social and Rehabilitation Services Building, \$1,640,000, outstanding June 30, 1981, \$1,473,560. Original loan dated November, 1976 and due November, 1996, with interest calculated at 9% per annum. The mortgage is presently being retired by rental assessments paid by the Department of Social and Rehabilitation Services to General Services Division of the Department of Administration. Payments on the loan are \$14,756 monthly.

Other bond issues not reflected in general long-term debt group:

Montana College of Mineral Science and Technology, \$2,275,000, dated May 1, 1978. This issue is maintained on the college's financial records and repaid from revenues generated from the physical education complex. While the annual payments and reserve requirements are accounted for by the college, the final security for these bonds is the same as any general obligation bond of the state.

Highway complex building bonds are secured by gas tax revenues and are a responsibility of that department. However, investment earnings and transfers appear in debt service fund in the Department of Administration's financial records.

Security for General Obligation Bonds:

Bonds are secured by eleven percent of all individual income tax and corporate license tax (except 80% of corporate license tax received from banks and savings and loan associations); seventy-three percent of all money received for the 12¢ per pack excise tax on cigarettes, and all money received from taxes imposed, currently or in the future, on other tobacco products.

Changes in long-term debt:

	Outstanding 06/30/79	Issue FY 1980	(Retirement) FY 1981	Outstanding 06/30/81
Series I	\$ 5,245,000	\$ (260,000)	\$ (270,000)	\$ 4,715,000
Series II	7,745,000	(285,000)	(300,000)	7,160,000
Series IV	1,570,000	(1,560,000)	(10,000)	-
Series V	1,675,000	(690,000)	(985,000)	-
Series 1980		19,130,000	(200,000)	18,930,000
	<u>\$16,235,000</u>	<u>\$ 16,335,000</u>	<u>\$(1,765,000)</u>	<u>\$30,805,000</u>

In September, 1981, the State of Montana issued series 1981 bonds in the amount of \$36,550,000 and due May, 1996, with coupon interest rates varying from 12% to 9%. Other participants in this issue are the Capitol building, 14% of issue for a total of \$9,177,761; Employment Security Division, 3% of issue for a total of \$1,966,663; Workers' Compensation Division, 11% of issue for a total of \$7,211,098.

The annual requirements to amortize all bonded debts outstanding on the department's financial records at June 30, 1981, is \$60,196,222 including interest of \$29,391,227. Other agencies of state government will provide \$7,950,000 of principal and \$11,820,040 of interest over the terms of the various issues.

The September, 1981, bond issue increased the above by \$65,555,438 in total costs which includes interest of \$29,005,438. Other agencies will provide principal of \$10,000,000 and interest of \$8,355,521.

	Total	Provided by Other Sources	Net General Fund
June 30, 1982	\$ 7,679,963	\$ 2,036,400	\$ 5,643,563
June 30, 1983	8,711,007	2,320,784	6,390,223
June 30, 1984	8,426,687	2,234,718	6,191,969
June 30, 1985	8,134,334	2,148,654	5,985,680
June 30, 1986	7,741,115	2,062,588	5,678,527
June 30, 1987-91	34,899,611	9,268,081	25,631,530
June 30, 1992-96	28,127,486	7,383,422	20,744,064
June 30, 1997-2010	22,031,537	10,670,915	11,360,622
	<u>\$ 125,751,740</u>	<u>\$38,125,562</u>	<u>\$ 87,626,178</u>

Restrictions on Additional Bonds:

Additional Bonds may not be issued so long as any such bonds issued prior to January 1, 1973, remain outstanding unless the maximum amount of principal and interest due in any future fiscal year on all such bonds, including the amount proposed to be issued, does not exceed 50% of the average of tax collections pledged to the Sinking Fund Account which have been received in the preceding three fiscal years. As of June 30, 1981, there were \$32,980,000 of outstanding bonds, of which \$24,205,000 are general obligations of the State. The maximum annual amount of principal and interest on all bonds, including the Series 1981 Bonds is \$8,825,946 and 50% of the average of the special tax collections received in the three preceding fiscal years was \$14,471,000.

Financing and Reserves:

All money credited to the Sinking Fund Account shall be used first to pay principal and interest when due on the bonds and second to accumulate and thereafter maintain a reserve for the security of the bonds in an amount at least equal, after each payment of principal and interest, to the maximum amount of principal and interest to become due on all bonds then outstanding in any subsequent fiscal year. All moneys credited to the Sinking Fund Account in excess of the principal, interest and reserve requirements will be transferred to the State General Fund. In the event the balance in the Sinking Fund Account is ever less than the principal, interest and reserve requirements therein the State Treasurer is required to restore the balance from the next collection of taxes pledged thereto and from any other collections of taxes appropriated to the General Fund (not to exceed the amount theretofore transferred to the General Fund from the Sinking Fund Account).

Calculation of Reserve Requirements:

	<u>Total</u>	<u>Provided by Other Agencies</u>	<u>General Fund Reserve</u>
Series I	467,325	-	467,325
Series 2	663,188	-	663,188
Series 1980	1,583,553	867,120	716,433
Total 06/30/81	<u>2,714,066</u>	<u>867,120</u>	<u>1,846,947</u>
Series 1981	6,111,910	1,711,335	4,400,575
Required 06/30/82	<u>8,825,976</u>	<u>2,578,455</u>	<u>6,247,521</u>

As of June 30, 1981, the debt service funds had accumulated an unreserved cash balance available for debt service in the amount \$1,278,813 of which \$253,420 is excess reserves on deposit by other agencies and \$5,675 excess reserves on deposit by the general fund.

6. PURCHASE CONTRACTS PAYABLE

Two divisions of the department, Computer Services Division and Publications and Graphics Division, have purchased equipment on installment loan. As of June 30, 1981, monthly principal and interest payment liabilities were payable as follows:

	<u>Publications & Graphics</u>	<u>Computer Services Division</u>
June 30, 1982	\$ 86,260	\$348,026
June 30, 1983	63,724	127,297
June 30, 1984	<u>44,981</u>	<u>18,948</u>
	<u>\$194,965</u>	<u>\$494,271</u>
Total Principal Payments	\$174,738	\$456,620
Total Interest Payments	<u>20,217</u>	<u>37,651</u>
	<u>\$194,965</u>	<u>\$494,271</u>

During September, 1981, the Computer Services Division incurred additional liabilities in order to upgrade its equipment. Amounts payable over the three and five year lives of the installment contracts are as follows:

June 30, 1982	\$ 423,667
June 30, 1983	721,524
June 30, 1984	721,524
June 30, 1985	682,361
June 30, 1986	660,864
June 30, 1987	<u>275,360</u>
TOTAL	<u>\$3,486,300</u>

7. LEASES

Operating units of the department are involved in several lease agreements for equipment. Lease payments are expensed against current operations until a decision is made to either purchase the leased item or cancel the lease. Therefore, all leases are classified as operating leases and renewable annually. Major minimum lease payments for the next fiscal year in the department's proprietary funds amounts to \$250,580.

8. LITIGATION

As of June 30, 1981, four hundred claims had been filed within the scope of the state's self-insurance program and ninety-six of these claims are currently in litigation. No estimate of substantial financial liability, if any, can be made as of that date.

DEPARTMENT OF ADMINISTRATION
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1981

	<u>Surplus Property</u>	<u>Housing Board</u>	<u>Combined Total</u>
<u>ASSETS</u>			
Cash	\$ 18,645	\$17,799	\$ 36,444
Investments (at cost)	82,266		82,266
Accounts Receivable	18,594		18,594
Expense Advances	600		600
Equipment		8,590	8,590
Accumulated Depreciation		(903)	(903)
Total Assets	<u>\$120,105</u>	<u>\$25,486</u>	<u>\$145,591</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 5,408	\$13,549	\$ 18,957
Accrued Liabilities	<u>3,219</u>	<u>18,729</u>	<u>21,948</u>
Total Liabilities	<u>8,627</u>	<u>32,278</u>	<u>40,905</u>
 <u>Fund Equity</u>			
Retained Earnings	<u>111,478</u>	<u>(6,792)</u>	<u>104,686</u>
Total Fund Equity	<u>111,478</u>	<u>(6,792)</u>	<u>104,686</u>
 Total Liabilities & Fund Equity	 <u>\$120,105</u>	 <u>\$25,486</u>	 <u>\$145,591</u>

DEPARTMENT OF ADMINISTRATION
 COMBINING STATEMENT OF REVENUES AND EXPENSES
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1981

	Surplus Property	Housing Board	Combined Total
REVENUES:			
Service Fees	\$166,215		\$166,215
Investment Income	8,449		8,449
Total Operating Revenue	<u>174,664</u>		<u>174,664</u>
OPERATING EXPENSES:			
Salaries and Benefits	94,148	\$163,298	257,446
Contracted Services	11,610	203,928	215,538
Supplies and Materials	11,460	2,514	13,974
Communications	3,785	11,316	15,101
Travel	3,377	15,778	19,155
Rent	14,063	15,960	30,023
Utilities	194		194
Repair and Maintenance	4,381	409	4,790
Other Expense	5,060	6,380	11,440
Prior Year Adjustments	305	724	1,029
Depreciation		850	850
Goods Purchased for Resale	11,733		11,733
Total Operating Expenses	<u>160,116</u>	<u>421,157</u>	<u>581,273</u>
Operating Income	<u>14,548</u>	<u>(421,157)</u>	<u>(406,609)</u>
NON-OPERATING REVENUE (EXPENSES):			
Operating Transfers In		404,862	404,862
Total Non-Operating Revenues		<u>404,862</u>	<u>404,862</u>
NET INCOME (LOSS) 1981	<u>\$ 14,548</u>	<u>\$(16,295)</u>	<u>\$ (1,747)</u>

DEPARTMENT OF ADMINISTRATION
 COMBINING STATEMENT OF REVENUES AND EXPENSES
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1980

	<u>Surplus Property</u>	<u>Housing Board</u>	<u>Combined Total</u>
REVENUES:			
Service Fees	\$127,221		\$127,221
Investment Income	6,614		6,614
Total Operating Revenues	<u>133,835</u>		<u>133,835</u>
OPERATING EXPENSES:			
Salaries and Benefits	81,199	\$116,075	197,274
Contracted Services	9,615	94,946	104,561
Supplies and Materials	7,239	6,264	13,503
Communications	2,642	11,265	13,907
Travel	4,367	15,284	19,651
Rent	13,345	9,328	22,673
Utilities	111		111
Repair and Maintenance	5,053	125	5,178
Other Expense	526	3,815	4,341
Equipment Expensed		1,829	1,829
Prior Year Adjustments	(781)	(132)	(913)
Depreciation		53	53
Goods Purchased for Resale	2,557		2,557
Total Operating Expenses	<u>125,873</u>	<u>258,852</u>	<u>384,725</u>
Operating Income	<u>7,962</u>	<u>(258,852)</u>	<u>(250,890)</u>
NON-OPERATING REVENUES (EXPENSES):			
Operating Transfers In		287,483	287,483
Total Non-Operating Revenues		<u>287,483</u>	<u>287,483</u>
NET INCOME (LOSS) 1980	<u>\$ 7,962</u>	<u>\$ 28,631</u>	<u>\$ 36,593</u>

DEPARTMENT OF ADMINISTRATION
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS
TWO FISCAL YEARS ENDED JUNE 30, 1981

	<u>Surplus Property</u>	<u>Housing Authority</u>	<u>Construction Regulation</u>	<u>Combined Total</u>
Sources of Working Capital:				
Net Income (Loss) 1981	\$ 14,548	\$ (16,295)		\$ (1,747)
Net Income 1980	7,962	28,631		36,593
Add Items Not Requiring an Outlay of Capital				
Depreciation 1981		850		850
Depreciation 1980		53		53
	<u>22,510</u>	<u>13,239</u>		<u>35,749</u>
Uses of Working Capital:				
Purchase of Property and Equipment		8,590		8,590
Transfer Out - Construction Regulation Program			404,763	
Transfer In - Surplus Property Program	88,968			
Adjustment for Restatement				315,795
	<u>88,968</u>	<u>4,649</u>	<u>(404,763)</u>	<u>(288,636)</u>
	<u>\$111,478</u>	<u>\$ 4,649</u>	<u>\$ (404,763)</u>	<u>\$ (288,636)</u>
Elements of Net Increase (Decrease) in Working Capital				
Cash	\$ 18,645	\$ (5,936)	\$ (414,406)	\$ (401,697)
Investments	82,266			82,266
Accounts Receivable	18,594		(7,049)	11,545
Expense Advances	600			600
Inter-entity Loans Receivable			(10,000)	(10,000)
Accounts Payable	(5,408)	(9,423)	17,791	2,960
Accrued Liabilities	(3,219)	20,008	8,901	25,690
	<u>\$111,478</u>	<u>\$ 4,649</u>	<u>\$ (404,763)</u>	<u>\$ (288,636)</u>

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DEPARTMENT OF ADMINISTRATION
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS
TWO FISCAL YEARS ENDED JUNE 30, 1981

	Surplus <u>Property</u>	Housing <u>Authority</u>	Construction <u>Regulation</u>	Combined <u>Total</u>
Sources of Working Capital:				
Net Income (Loss) 1981	\$ 14,548	\$(16,295)		\$ (1,747)
Net Income 1980	7,962	28,631		36,593
Add Items Not Requiring an Outlay of Capital				
Depreciation 1981		850		850
Depreciation 1980		53		53
	<u>22,510</u>	<u>13,239</u>		<u>35,749</u>
Uses of Working Capital:				
Purchase of Property and Equipment		8,590		8,590
Transfer Out - Construction Regulation Program			404,763	
Transfer In - Surplus Property Program	88,968			
Adjustment for Restatement				315,795
	<u>88,968</u>	<u>4,649</u>	<u>(404,763)</u>	<u>(288,636)</u>
	<u>\$111,478</u>	<u>\$ 4,649</u>	<u>\$(404,763)</u>	<u>\$(288,636)</u>
Elements of Net Increase (Decrease) in Working Capital				
Cash	\$ 18,645	\$ (5,936)	\$ (414,406)	\$(401,697)
Investments	82,266			82,266
Accounts Receivable	18,594		(7,049)	11,545
Expense Advances	600			600
Inter-entity Loans Receivable			(10,000)	(10,000)
Accounts Payable	(5,408)	(9,423)	17,791	2,960
Accrued Liabilities	(3,219)	20,008	8,901	25,690
	<u>\$111,478</u>	<u>\$ 4,649</u>	<u>\$(404,763)</u>	<u>\$(288,636)</u>

DEPARTMENT OF ADMINISTRATION
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1981

	<u>Merit System</u>	<u>Information Systems</u>	<u>Computer Services</u>	<u>Mail and Messenger</u>	<u>Inter-governmental Training</u>	<u>Communications</u>
<u>ASSETS</u>						
Cash	\$45,443	\$ 64,402	\$ 632,889	\$ 40,992	\$ 6,545	\$168,341
Investments						
Accounts Receivable	1,214	66,045	405,475	43,937	2,450	558,683
Inventory						
Dishonored Checks						
Expense Advances			1,208			289
Inter-entity Loans Receivable						143,659
Notes Receivable			76,963			
Other Advances & Prepayments			1,819			
Equipment	17,871	43,743	3,982,663	25,007	5,474	3,313
Accumulated Depreciation	(9,426)	(28,484)	(2,872,351)	(3,714)	(2,027)	(2,332)
Total Assets	<u>\$55,102</u>	<u>\$145,706</u>	<u>\$2,228,666</u>	<u>\$106,222</u>	<u>\$12,442</u>	<u>\$871,953</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 9,935	\$ 36,957	\$ 98,237	\$ 4,022	\$ 1,176	\$ 43,211
Accrued Liabilities	1,786	7,204	67,133	15,362	50	67,700
Notes Payable						
Inter-entity Loans Payable						
Receipts Collected in Advance		65,082				
Purchase Contracts Payable			456,620			
Total Liabilities	<u>11,721</u>	<u>109,243</u>	<u>621,990</u>	<u>19,384</u>	<u>1,226</u>	<u>110,911</u>
<u>Fund Equity</u>						
<u>Reserves</u>						
Retained Earnings	43,381	36,463	1,606,676	86,838	11,216	761,042
Total Fund Equity	<u>43,381</u>	<u>36,463</u>	<u>1,606,676</u>	<u>86,838</u>	<u>11,216</u>	<u>761,042</u>
Total Liabilities & Fund Equity	<u>\$55,102</u>	<u>\$145,706</u>	<u>\$2,228,666</u>	<u>\$106,222</u>	<u>\$12,442</u>	<u>\$871,953</u>

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DEPARTMENT OF ADMINISTRATION
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1981
(Continued)

	<u>Investments</u>	<u>Rent and Maintenance</u>	<u>Radio Microwave</u>	<u>Records Management</u>	<u>Publications and Graphics</u>	<u>Central Stores</u>	<u>Combined Total</u>
<u>ASSETS</u>							
Cash	\$272,708	\$211,741		\$ 4,423	\$ 54,360	\$ 37,560	\$1,539,404
Investments							
Accounts Receivable		54,356	23,279	25,863	134,857	78,873	1,395,032
Inventory					23,260	207,845	231,105
Dishonored Checks		260	(95)				165
Expense Advances					169		1,666
Inter-entiy Loans Recveivable		10,000					153,659
Notes Receivable					83,372		160,335
Other Advances & Prepayments							1,819
Equipment	29,703	74,942		133,952	514,613	10,217	4,841,498
Accumulated Depreciation	(8,008)	(33,539)		(56,453)	(236,543)		(3,252,877)
Total Assets	<u>\$294,403</u>	<u>\$317,760</u>	<u>\$ 23,184</u>	<u>\$107,785</u>	<u>\$574,088</u>	<u>\$334,495</u>	<u>\$5,071,806</u>
<u>LIABILITIES AND FUND EQUITY</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 16,009	\$ 41,695	\$ 20,173	\$ 7,858	\$ 74,572	\$ 33,725	\$ 387,570
Accrued Liabilities	30,019	43,315		5,962	15,122	41,489	295,142
Notes Payable						160,335	160,335
Inter-entiy Loans Payable			104,078			90,000	194,078
Receipts Collected in Advance							65,082
Purchase Contracts Payable					174,748		631,368
Total Liabilities	<u>46,028</u>	<u>85,010</u>	<u>124,251</u>	<u>13,820</u>	<u>264,442</u>	<u>325,549</u>	<u>1,733,575</u>
<u>Fund Equity</u>							
Reserves		910					910
Retained Earnings	248,375	231,840	(101,067)	93,965	309,646	8,946	3,337,321
Total Fund Equity	<u>248,375</u>	<u>232,750</u>	<u>(101,067)</u>	<u>93,965</u>	<u>309,646</u>	<u>8,946</u>	<u>3,338,231</u>
Total Liabilities & Fund Equity	<u>\$294,403</u>	<u>\$317,760</u>	<u>\$ 23,184</u>	<u>\$107,785</u>	<u>\$574,088</u>	<u>\$334,495</u>	<u>\$5,071,806</u>

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DEPARTMENT OF ADMINISTRATION
COMBINING STATEMENT OF REVENUE AND EXPENSES
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1981

	<u>Merit System</u>	<u>Information Systems</u>	<u>Computer Services</u>	<u>Mail and Messenger</u>	<u>Inter-governmental Training</u>	<u>Communications</u>
OPERATING REVENUES:						
Service Fees	\$224,695	\$ 697,089	\$3,709,320	\$440,509	\$46,153	\$2,674,766
Sale of Documents						7,013
Total Operating Revenues	<u>224,695</u>	<u>697,089</u>	<u>3,709,320</u>	<u>440,509</u>	<u>46,153</u>	<u>2,681,779</u>
OPERATING EXPENSES:						
Salaries and Benefits	181,376	841,852	1,425,497	104,656	1,785	144,952
Contracted Services	1,816	19,466	6,751	7,543	31,095	27,681
Supplies and Materials	5,218	4,771	247,374	1,841	5,833	3,547
Communications	5,517	6,664	77,387	315,026	3,167	2,341,266
Travel	1,723	2,519	14,784		2,756	3,917
Rent	7,592	28,980	482,012	10,649	162	5,534
Utilities				46		48
Repair and Maintenance	1,381	8,817	259,426	1,587	88	103
Other Expense	1,977	1,597	11,031	134	69	504
Equipment Expensed	161				50	192
Prior Year Adjustments	(19,235)	(17,678)	(22,846)		880	(23,799)
Depreciation	1,697	5,508	1,010,089	1,092	540	252
Goods Purchased For Resale						6,746
Interest			64,127			
Total Operating Expense	<u>189,223</u>	<u>902,496</u>	<u>3,575,632</u>	<u>442,574</u>	<u>46,425</u>	<u>2,510,943</u>
Operating Income	<u>35,472</u>	<u>(205,407)</u>	<u>133,688</u>	<u>(2,065)</u>	<u>(272)</u>	<u>170,836</u>
NON-OPERATING REVENUE (EXPENSE):						
Appropriations		211,890				
Operating Transfers In						
Operating Transfers Out			(7,237)			
Total Non-Operating Revenue (Expense)		<u>211,890</u>	<u>(7,237)</u>			
NET INCOME (LOSS) 1981	<u>\$ 35,472</u>	<u>\$ 6,483</u>	<u>\$ 126,451</u>	<u>\$ (2,065)</u>	<u>\$ (272)</u>	<u>\$ 170,836</u>

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DEPARTMENT OF ADMINISTRATION
 COMBINING STATEMENT OF REVENUE AND EXPENSES
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1981
 (Continued)

	<u>Investments</u>	<u>Rent and Maintenance</u>	<u>Radio Microwave</u>	<u>Records Management</u>	<u>Publications and Graphics</u>	<u>Central Stores</u>	<u>Combined Total</u>
OPERATING REVENUES:							
Service Fees		\$1,567,164		\$126,125	\$1,035,615	\$653,021	\$11,174,457
Sale of Documents	\$ 313						7,326
Total Operating Revenues	<u>313</u>	<u>1,567,164</u>	<u>—</u>	<u>126,125</u>	<u>1,035,615</u>	<u>653,021</u>	<u>11,181,783</u>
OPERATING EXPENSES:							
Salaries and Benefits	308,564	662,168		121,104	393,566	52,808	4,238,328
Contracted Services	153,435	505,728	\$ 240	4,870	21,229	4,735	784,589
Supplies and Materials	4,990	54,984		29,998	197,569	531	556,656
Communications	8,761	8,807		2,483	18,248	2,112	2,789,438
Travel	7,270	1,593		860	2,947		38,369
Rent	7,709	6,799		30,803	207,114	21,382	808,736
Utilities		462,454					462,548
Repair and Maintenance	836	193,032		1,483	47,870		514,623
Other Expense	2,987	6,957		210	809	322	26,597
Equipment Expensed		1,900		109	5,190	200	7,802
Prior Year Adjustments	(4,666)	14,761		(1,495)	(127,200)	(239)	(201,517)
Depreciation	1,968	10,272		11,820	50,459		1,093,697
Goods Purchased For Resale					53,325	622,209	682,280
Interest					7,339		71,466
Total Operating Expense	<u>491,854</u>	<u>1,929,455</u>	<u>240</u>	<u>202,245</u>	<u>878,465</u>	<u>704,060</u>	<u>11,873,612</u>
Operating Income	<u>(491,541)</u>	<u>(362,291)</u>	<u>(240)</u>	<u>(76,120)</u>	<u>157,150</u>	<u>(51,039)</u>	<u>(691,829)</u>
NON-OPERATING REVENUE (EXPENSE):							
Appropriations		487,398		16,775			716,063
Operating Transfers In	530,824						530,824
Operating Transfers Out	(26,925)	(177,072)					(211,234)
Total Non-Operating Revenue (Expense)	<u>503,899</u>	<u>310,326</u>	<u>—</u>	<u>16,775</u>	<u>—</u>	<u>—</u>	<u>1,035,653</u>
NET INCOME (LOSS) 1981	<u>\$ 12,358</u>	<u>\$ (51,965)</u>	<u>\$(240)</u>	<u>\$(59,345)</u>	<u>\$ 157,150</u>	<u>\$(51,039)</u>	<u>\$ 343,824</u>

THE
LIBRARY OF THE
MUSEUM OF NATURAL HISTORY

NO.	DATE	DESCRIPTION	REMARKS
1	1881	...	...
2	1882	...	...
3	1883	...	...
4	1884	...	...
5	1885	...	...
6	1886	...	...
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NET INCOME

DEPARTMENT OF ADMINISTRATION
COMBINING STATEMENT OF REVENUE AND EXPENSES
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1980

	Merit System	Information Systems	Computer Services	Mail and Messenger	Inter-governmental Training	Communications
OPERATING REVENUES:						
Service Fees	\$184,831	\$648,023	\$3,517,315	\$398,987	\$ 50,457	\$2,362,717
Sale of Documents						917
Rentals, Leases, and Royalties						
Total Operating Revenues	<u>184,831</u>	<u>648,023</u>	<u>3,517,315</u>	<u>398,987</u>	<u>50,457</u>	<u>2,363,634</u>
OPERATING EXPENSES:						
Salaries and Benefits	156,125	771,098	1,291,576	93,725		111,799
Contracted Services	24,943	13,572	40,211	17,374	33,360	13,130
Supplies and Materials	4,627	16,903	223,920	1,467	10,643	1,207
Communications	7,173	6,321	123,079	281,238	2,793	2,015,588
Travel	299	1,466	13,059		4,686	3,968
Rent	6,325	24,697	592,904	7,748	260	4,054
Utilities						
Repair and Maintenance	1,273	7,169	180,335	1,103	486	57
Other Expense	1,293	3,859	16,806			858
Equipment Expensed		240	18,611			186
Prior Year Adjustments	449		16,905	(4,158)	25,648	85,875
Depreciation	1,697	5,508	596,332	1,092	491	252
Goods Purchased for Resale						7,867
Interest			70,426			
Total Operating Expenses	<u>204,204</u>	<u>850,833</u>	<u>3,184,164</u>	<u>399,589</u>	<u>78,367</u>	<u>2,244,841</u>
Operating Income	<u>(19,373)</u>	<u>(202,810)</u>	<u>333,151</u>	<u>(602)</u>	<u>(27,910)</u>	<u>118,793</u>
NON-OPERATING REVENUE (EXPENSE):						
Appropriations		206,516				
Operating Transfers In						
Operating Transfers Out			(32,555)			
Total Non-Operating Revenue (Expense)		<u>206,516</u>	<u>(32,555)</u>			
NET INCOME (LOSS) 1980	<u>\$(19,373)</u>	<u>\$ 3,706</u>	<u>\$ 300,596</u>	<u>\$ (602)</u>	<u>\$(27,910)</u>	<u>\$ 118,793</u>

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DEPARTMENT OF ADMINISTRATION
COMBINING STATEMENT OF REVENUE AND EXPENSES
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1980
(Continued)

	<u>Investments</u>	<u>Rent and Maintenance</u>	<u>Radio Microwave</u>	<u>Records Management</u>	<u>Publications and Graphics</u>	<u>Central Stores</u>	<u>Combined Total</u>
OPERATING REVENUES:							
Service Fees		\$1,409,495	\$223,764	\$149,575	\$927,420	\$ 12,330	\$ 9,884,914
Sale of Documents	\$ 70						987
Rentals, Leases, and Royalties		2,755					2,755
Total Operating Revenues	<u>70</u>	<u>1,412,250</u>	<u>223,764</u>	<u>149,575</u>	<u>927,420</u>	<u>12,330</u>	<u>9,888,656</u>
OPERATING EXPENSES:							
Salaries and Benefits	237,361	536,317	196,128	115,831	224,789	9,691	3,744,440
Contracted Services	86,689	484,140	1,761	2,356	26,621	6,504	750,661
Supplies and Materials	3,817	35,991	5,200	18,349	296,445	2,100	620,669
Communications	5,916	7,874	2,810	2,128	17,369	205	2,472,494
Travel	8,673	871	24,800	317	2,870	93	61,102
Rent	8,266	6,206	14,548	21,180	174,099	135	860,422
Utilities		352,767	713				353,480
Repair and Maintenance	1,345	277,961	2,689	1,476	72,254		546,148
Other Expense	6,799	606	2,444	392	1,335		34,392
Equipment Expensed		30			33,309	98	52,474
Prior Year Adjustments	(107)	8,174	(21,091)	(2,541)			109,154
Depreciation	1,260	8,790		11,820	41,353		668,595
Goods Purchased For Resale			15,488		37,327	101,318	162,000
Interest					6,189		76,615
Total Operating Expense	<u>360,019</u>	<u>1,719,727</u>	<u>245,490</u>	<u>171,308</u>	<u>933,960</u>	<u>120,144</u>	<u>10,512,646</u>
Operating Income	<u>(359,949)</u>	<u>(307,477)</u>	<u>(21,726)</u>	<u>(21,733)</u>	<u>(6,540)</u>	<u>(107,814)</u>	<u>(623,990)</u>
NON-OPERATING REVENUE (EXPENSE):							
Appropriations		444,354		15,758			666,628
Operating Transfers In	364,926						364,926
Operating Transfers Out		(162,316)					(194,871)
Total Non-Operating Revenue (Expense)	<u>364,926</u>	<u>282,038</u>		<u>15,758</u>			<u>836,683</u>
NET INCOME (LOSS) 1980	<u>\$ 4,977</u>	<u>\$ (25,439)</u>	<u>\$(21,726)</u>	<u>\$ (5,975)</u>	<u>\$ (6,540)</u>	<u>\$(107,814)</u>	<u>\$ 212,693</u>

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Year	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000
Population	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,500	6,000
Area	100	150	200	250	300	350	400	450	500	550	600
Volume	10	15	20	25	30	35	40	45	50	55	60
Weight	100	150	200	250	300	350	400	450	500	550	600
Length	100	150	200	250	300	350	400	450	500	550	600
Width	100	150	200	250	300	350	400	450	500	550	600
Height	100	150	200	250	300	350	400	450	500	550	600
Depth	100	150	200	250	300	350	400	450	500	550	600
Temperature	100	150	200	250	300	350	400	450	500	550	600
Pressure	100	150	200	250	300	350	400	450	500	550	600
Humidity	100	150	200	250	300	350	400	450	500	550	600
Wind Speed	100	150	200	250	300	350	400	450	500	550	600
Cloud Cover	100	150	200	250	300	350	400	450	500	550	600
Precipitation	100	150	200	250	300	350	400	450	500	550	600
Solar Radiation	100	150	200	250	300	350	400	450	500	550	600
Soil Moisture	100	150	200	250	300	350	400	450	500	550	600
Vegetation Index	100	150	200	250	300	350	400	450	500	550	600
Water Quality	100	150	200	250	300	350	400	450	500	550	600
Air Quality	100	150	200	250	300	350	400	450	500	550	600
Land Use	100	150	200	250	300	350	400	450	500	550	600
Urbanization	100	150	200	250	300	350	400	450	500	550	600
Deforestation	100	150	200	250	300	350	400	450	500	550	600
Wildlife	100	150	200	250	300	350	400	450	500	550	600
Conservation	100	150	200	250	300	350	400	450	500	550	600
Education	100	150	200	250	300	350	400	450	500	550	600
Healthcare	100	150	200	250	300	350	400	450	500	550	600
Economy	100	150	200	250	300	350	400	450	500	550	600
Environment	100	150	200	250	300	350	400	450	500	550	600
Society	100	150	200	250	300	350	400	450	500	550	600
Culture	100	150	200	250	300	350	400	450	500	550	600
Language	100	150	200	250	300	350	400	450	500	550	600
Religion	100	150	200	250	300	350	400	450	500	550	600
Politics	100	150	200	250	300	350	400	450	500	550	600
Law	100	150	200	250	300	350	400	450	500	550	600
Justice	100	150	200	250	300	350	400	450	500	550	600
Security	100	150	200	250	300	350	400	450	500	550	600
Defense	100	150	200	250	300	350	400	450	500	550	600
War	100	150	200	250	300	350	400	450	500	550	600
Peace	100	150	200	250	300	350	400	450	500	550	600
Stability	100	150	200	250	300	350	400	450	500	550	600
Order	100	150	200	250	300	350	400	450	500	550	600
Harmony	100	150	200	250	300	350	400	450	500	550	600
Unity	100	150	200	250	300	350	400	450	500	550	600
Cooperation	100	150	200	250	300	350	400	450	500	550	600
Collaboration	100	150	200	250	300	350	400	450	500	550	600
Partnership	100	150	200	250	300	350	400	450	500	550	600
Teamwork	100	150	200	250	300	350	400	450	500	550	600
Leadership	100	150	200	250	300	350	400	450	500	550	600
Management	100	150	200	250	300	350	400	450	500	550	600
Organization	100	150	200	250	300	350	400	450	500	550	600
Structure	100	150	200	250	300	350	400	450	500	550	600
System	100	150	200	250	300	350	400	450	500	550	600
Process	100	150	200	250	300	350	400	450	500	550	600
Method	100	150	200	250	300	350	400	450	500	550	600
Technique	100	150	200	250	300	350	400	450	500	550	600
Approach	100	150	200	250	300	350	400	450	500	550	600
Strategy	100	150	200	250	300	350	400	450	500	550	600
Policy	100	150	200	250	300	350	400	450	500	550	600
Plan	100	150	200	250	300	350	400	450	500	550	600
Program	100	150	200	250	300	350	400	450	500	550	600
Project	100	150	200	250	300	350	400	450	500	550	600
Initiative	100	150	200	250	300	350	400	450	500	550	600
Effort	100	150	200	250	300	350	400	450	500	550	600
Work	100	150	200	250	300	350	400	450	500	550	600
Task	100	150	200	250	300	350	400	450	500	550	600
Job	100	150	200	250	300	350	400	450	500	550	600
Occupation	100	150	200	250	300	350	400	450	500	550	600
Profession	100	150	200	250	300	350	400	450	500	550	600
Industry	100	150	200	250	300	350	400	450	500	550	600
Business	100	150	200	250	300	350	400	450	500	550	600
Commerce	100	150	200	250	300	350	400	450	500	550	600
Trade	100	150	200	250	300	350	400	450	500	550	600
Industry	100	150	200	250	300	350	400	450	500	550	600
Business	100	150	200	250	300	350	400	450	500	550	600
Commerce	100	150	200	250	300	350	400	450	500	550	600
Trade	100	150	200	250	300	350	400	450	500	550	600

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DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 449-2032

HELENA, MONTANA 59620

RECEIVED

JAN 21 1982

MONTANA LEGISLATIVE AUDITOR

January 20, 1982

James H. Gillett
Acting Legislative Auditor
State Capitol
Helena, MT 59620

Dear Mr. Gillett:

In accordance with your request, we submit the following response to recommendations included in the recently completed audit for the Department of Administration:

RECOMMENDATION # 1

WE RECOMMEND THE DEPARTMENT ESTABLISH A FORMAL AGREEMENT TO REIMBURSE THE SURPLUS PROPERTY BURFAU FOR THE VALUE OF THE SURPLUS PROPERTY WAREHOUSE.

Response:

We concur. The department is currently in contact with the U.S. Government to resolve this issue. However, we feel the explanatory comments do not appropriately reflect the current status.

RECOMMENDATION #2

WE RECOMMEND THE DFPARTMENT:

A. ENSURE CONTRIBUTIONS TO THE STATE DEFEPRED COMPENSATION PROGRAM APE RECEIVED BY THE CARRIERS BY PERIOD-

ICALLY RECONCILING THE STATE'S ACCOUNTING RECORDS TO CARRIER REPORTED AMOUNTS.

- B. RECORD ALL DEFERRED COMPENSATION PLAN CONTRIBUTIONS IN THE STATE'S ACCOUNTS ON A TIMELY BASIS.
- C. CONTINUE REQUESTING DETAILED REPORTS FROM THIRD-PARTY CARRIERS AND MONITORING CARRIER RECORDS TO FULFILL THE STATE'S RESPONSIBILITY.

Response:

We concur that the recordkeeping needs to be improved. We are working with the plan administrator and the carrier to improve the accounting system.

RECOMMENDATION #3

WE RECOMMEND THE DEPARTMENT:

- A. REPORT ITS FIXED ASSETS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
- B. RECORD ALL BUILDING PURCHASES AND ADDITIONS ON ITS FIXED ASSET RECORDS ON A TIMELY BASIS.

Response:

We concur.

- A. The equipment lease application has been referred to our accounting division for resolution since any policy adoption would have statewide accounting implication.

- B. Currently, procedures are being devised to promptly reflect all building additions.

RECOMMENDATION #4

WE RECOMMEND THE DEPARTMENT ESTABLISH A STATEWIDE POLICY, IN CONJUNCTION WITH THIS OFFICE, TO RECORD LAND AND BUILDINGS ON THE STATE'S ACCOUNTING RECORDS.

Response:

We concur. A policy will be established in conjunction with 3B above.

RECOMMENDATION #5

WE RECOMMEND THE DEPARTMENT:

- A. ESTABLISH ACCRUAL ACCOUNTING POLICIES AND PROCEDURES FOR INTERNAL SERVICE AND ENTERPRISE OPERATIONS.
- B. REPAY TO THE COMMUNICATIONS DIVISION THE OUTSTANDING LOAN TO THE RADIO MICROWAVE PROGRAM.
- C. PROPERLY TRANSFER THE PROGRAM'S RECORDS TO THE DEPARTMENT OF HIGHWAYS.

Response:

We concur.

- A. The department's accounting division is working on the development of appropriate policies.

- E. We will contact the Highway Department regarding this outstanding loan.
- C. The accounting records have been transferred.

RECOMMENDATION #6

WE RECOMMEND THE DEPARTMENT ADOPT PROCEDURES TO ENSURE THAT EXPENDITURE TRANSACTIONS ARE RECORDED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

Response:

We concur. Current procedures include a monthly transaction review and should alleviate problems previously encountered.

RECOMMENDATION #7

WE RECOMMEND THE DEPARTMENT TRANSFER MONEYS IN EXCESS OF THE RESERVE REQUIREMENT ON GENERAL OBLIGATION BONDS TO THE STATE'S GENERAL FUND IN ACCORDANCE WITH THE BOND INDENTURE.

Response:

We concur and will endeavor to time our transfer to the general fund closer to the Department of Revenue's transfer to the sinking fund.

RECOMMENDATION #8

WE RECOMMEND THE DEPARTMENT CORRECT THE ABOVE DISCLOSURE DEFICIENCIES BY FOLLOWING THE REPORTING REQUIREMENTS AS

IDENTIFIED IN NCGA STATEMENT 1, GOVERNMENTAL ACCOUNTING
AND FINANCIAL REPORTING PRINCIPLES.

Response:

We concur. The state's annual financial report for fiscal year 1984 will be published in accordance with GAAP. This is the first year that the state's treasury fund structure will be legally in conformance with GAAP. We will continue to make improvements to the FY 1982 and 1983 reports, as we have done in the past.

We would like to take this opportunity to thank you and your staff for the conscientious effort put forth in the completion of our audit report. Additionally, the department looks forward to future cooperation with your office.

Sincerely,



MORRIS L. BRUSETT
Director

